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EGGS AND POULTRY

REPORT OF

Reorganisation Commission

FOR

GREAT BRITAIN

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LONDON

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MINUTE OF APPOINTMENT

In accordance with the provisions of the Agricultural Marketing Acts, 1931 to 1933, we hereby constitute :—

F. N. BLUNDELL, Esq., D.L., J.P.,
A. F. FORBES, Esq., C.A.,
Mrs. LINDSEY K. HUXLEY,
JAMES PRENTICE, Esq., and
Major MARK SPROT OF RIDDELL, D.L., J.P.,

as an Agricultural Marketing Reorganisation Commission for Great Britain, and charge it with the duty of investigating and reporting on the manner in which the operation of the schemes for regulating the marketing of eggs and poultry, prepared by the Reorganisation Commissions for England and Wales and for Scotland, could be facilitated :—

(a) by co-operation between the Boards administering them and between them and any corresponding body in Northern Ireland; and

(b) by any measures affecting imports of eggs and poultry and other poultry products.

We further appoint Mr. F. N. Blundell, D.L., J.P., to be Chairman, and Mr. H. J. Johns, M.B.E., of the Ministry of Agriculture and Fisheries, and Mr. J. C. Russell, of the Department of Agriculture for Scotland, to be Joint Secretaries of the Commission.

(Signed) WALTER E. ELLIOT,
Minister of Agriculture and Fisheries.

(Signed) GODFREY P. COLLINS,
Secretary of State for Scotland.

25th January, 1935.

Report of the Reorganisation Commission for Eggs and Poultry for Great Britain

To The Right Honourable WALTER E. ELLIOT, M.C., M.P.,
Minister of Agriculture and Fisheries ;

The Right Honourable Sir GODFREY COLLINS, K.C.B., C.M.G.,
M.P., His Majesty's Secretary of State for Scotland.

INTRODUCTION

SIRS,

In accordance with the intention expressed at the time of the appointment of the Reorganisation Commissions for Eggs and Poultry for England and Wales and for Scotland, we were appointed by you on 25th January, 1935, as an Agricultural Marketing Reorganisation Commission for Great Britain charged with the duty of investigating and reporting upon the manner in which the operation of the schemes prepared by those earlier Commissions could be facilitated :—

(a) by co-operation between the Boards administering them and between them and any corresponding body in Northern Ireland ; and

(b) by any measures affecting imports of eggs and poultry and other poultry products.

It is, perhaps, unnecessary to point out that the problems we were asked to consider are essentially the concern of the United Kingdom as a whole, or to add that we have endeavoured throughout to approach them from that point of view. We have been greatly assisted in doing so by the collaboration of Mr. D. A. E. Harkness, the liaison officer kindly appointed by the Ministry of Agriculture for Northern Ireland.

Prior to the appointment of this Commission we had each of us served on one or other of the preceding Reorganisation Commissions for Eggs and Poultry. Those bodies accumulated a large mass of evidence and documentary information, all of which has been at our disposal, and, therefore, we have not deemed it necessary formally to call further witnesses. We have, however, had the advantage of informal consultations with officers of certain Government Departments and other bodies. In expressing our grateful appreciation of their help, we desire to make it clear that we alone are responsible for the conclusions reached and the recommendations made in this Report. We have held 39 formal meetings and have, in addition, spent much time in examining the many proposals that have been formulated in the course of discussion ; for, in spite of the information and experience placed at our disposal, we have found our task a highly complicated one.

In attempting to formulate an import policy for eggs and poultry, it is impossible to avoid taking into account considerations that extend beyond the mere facilitation of marketing schemes, for import policy must be an important factor in determining the place that the poultry industry is to occupy, not only in home agriculture as a whole, but in the economic life of the country. Though we have endeavoured as far as possible to confine ourselves to the matters specifically remitted to us and to avoid broader issues of national economic policy, it has been necessary to assume, as we think we may, that the ultimate aim both of the marketing schemes and of any measures affecting imports should be to secure in the national interest a strong and expanding home industry.

CHAPTER I.—SUPPLIES AND PRICES OF EGGS.

(i) Supplies of Eggs in Shell.

The egg supplies of the United Kingdom from all sources may be classified broadly into two categories—eggs in shell and eggs not in shell. In 1934 the estimated total supply of shell eggs was 7,008 millions while the de-shelled eggs were equivalent to approximately 1,002 million eggs.*

The total supply of eggs in shell covers a wide range of variation in freshness, quality and size of the individual egg. Home-produced eggs have the great advantage of being produced nearest to the consuming centres in this country, and given proper organisation, they can be placed upon the market in the freshest condition. The marketing arrangements in certain of the near European countries, however, are such as to give their product every possible assistance in the competition for the United Kingdom market. With some other countries the time necessarily occupied in transit to this market prevents the eggs from being sold here in such fresh condition; and with some the distances travelled are so great that the eggs must be subjected to artificial preservation.

Broad distinctions of size and weight can be made between the supplies of different countries. Dutch and Danish eggs, for example, are comparable in size with those produced at home, though they are obtainable in a grade larger than the average of English "Specials." Polish, Chinese and Egyptian eggs, on the other hand, are on the average smaller than the home-produced egg.

Total supplies.—The production of shell eggs within the United Kingdom is supplemented by imports from both Empire and foreign countries. The following table gives a broad view of the present proportions of the home-produced and the imported supplies and also of the changes over the last 10 years†:—

	1924.		1930.†		1934.	
	Quantity.	Per cent. of Total.	Quantity.	Per cent. of Total.	Quantity.	Per cent. of Total.
	Millions.		Millions.		Millions.	
Home-produced supplies‡	2,590	52	3,885	53	4,764	68
Empire imports §	624	12	696	10	696	10
Foreign imports §	1,777	36	2,474	33	1,548	22
Total ...	4,991	100	7,057	100	7,008	100

* See Table 1 on page 82.

† For the intervening years, see Table 1 on page 82.

‡ Note:—1930 was the year of maximum imports of eggs.

§ Estimated.

Home production.—The general situation in regard to the production of eggs in England and Wales and in Scotland has been reviewed recently in the Reports of the Eggs and Poultry Reorganisation Commissions for England and Wales* and for Scotland.† The outstanding fact is that production has increased very greatly in both countries since 1924. The greatest increase has been in England and Wales, where production rose from 1,883 millions in 1924 to 3,752 millions in 1934. In Scotland production increased from 284 millions in 1924 to 460 millions in 1934. In Northern Ireland expansion has been less rapid, but even so the annual output has increased from 430 millions in 1924 to 553 millions in 1934. The total production‡ of eggs in the United Kingdom increased from 2,597 millions in 1924 to 4,765 millions in 1934.

There is a small local trade in eggs across the border between England and Scotland, but it is not of sufficient moment to affect materially the general supply position in either country. There is, however, a much larger and more regular trade between Northern Ireland and Great Britain, and this trade has expanded in recent years. At the present time approximately one-half of the output of Northern Ireland is shipped to Great Britain, about two-thirds being sent to England and Wales and one-third to Scotland.

Imported supplies.—The annual *retained imports* from all sources§ increased steadily for a number of years previous to 1928, in which year they amounted to 3,165 millions. The total quantity was slightly smaller in the following year, but rose again in 1930 to the record level of 3,172 millions, an increase of 32 per cent. over the 1924 figure. Between 1930 and 1933 annual imports declined by 31 per cent. to 2,202 millions, the decline being most marked in 1932. During 1934 total imports increased again, but only by some 2 per cent. over the previous year's figure, and the indications are that they will be higher again in 1935.

Imports from Empire countries.—*Total imports* from Empire countries§ increased from 633 millions in 1924 to 706 millions in 1928, and, after a slight check in 1930, to 737 millions in 1931. Since then they have declined, and in 1934 amounted to 696 millions. The increase between 1924 and 1931 was roughly proportionate to the increase in total imports; during this period Empire supplies represented some 22 to 26 per cent. of the total. In the last three years, however, they have amounted to 30-33 per cent., on account of the much heavier reduction in foreign imports.

During the last few years there has been a marked decrease in the volume of imports from the Irish Free State and a very

* Economic Series No. 42. Price 1s.; post free 1s. 4d.

† The Report of the Eggs and Poultry Reorganisation Commission for Scotland. Price 1s.; post free 1s. 1½d.

‡ The difference between the figures for total home production and for home-produced supplies, here and elsewhere in the Report, is due to a small export trade in home produce.

§ See Table 2 on page 83.

considerable increase in imports from Australia.* Annual imports from the Irish Free State fluctuated from year to year between 1924 and 1928, but over the period increased to a peak of 621 millions in the latter year. Since then they have declined, particularly during 1932 and 1933. In 1934 they amounted to 383 millions—a decrease of 38 per cent. as compared with 1928, and 32 per cent. less than in 1924. Despite these reductions, the Irish Free State still remains the most important source of supply within the Empire.

Previous to 1930 imports of eggs from Australia were small. The trade has since increased very rapidly, and in 1934 Australia was the third largest source of supply, ranking next to Denmark and the Irish Free State. In view of the peculiarly seasonal character of the Australian trade it is more satisfactory to examine it on a seasonal basis than by calendar years. During the seasons 1926-27 to 1929-30 imports ranged between 14 millions and 44 millions. There was an increase to 74 millions in 1930-31, in the following season a further increase to 122 millions, and in 1934-35 shipments reached the record level of 267 millions.

Imports from South Africa were at a peak in 1931-32, when they amounted to 68 millions. They declined to 36 millions in 1934-35. Imports of Canadian eggs, which for a number of years had virtually disappeared from the market, have increased during the past two years. In 1934 they amounted to 21 millions.

Imports from foreign countries.—The total imports of eggs from foreign countries† increased between 1924 and 1928 and, after a slight fall in 1929, rose to a peak in 1930, when they amounted to 2,485 millions. Between 1930 and 1933 foreign supplies were reduced to 1,483 millions, but in 1934 they increased again to 1,552 millions.

The relative importance of the individual countries of foreign supply has changed considerably in recent years.‡ The changes, and the circumstances in which they were brought about, are discussed more fully in Chapter III. During the last two years, although eggs were imported from more than 30 different countries, nearly 90 per cent. of those from foreign sources came from Denmark, Poland, China, the Netherlands and Finland. Finland was a newcomer to the group, having taken the place previously held by Belgium.

Danish shipments represented, in 1933 and in 1934, one-half of the foreign supply and one-third of the total imports. During the past three years they have averaged 760 millions. Poland has been the second largest sender of foreign eggs, ranking fourth in importance in relation to total imports. The average annual import

* The annual figures for the separate countries are given in Tables 3a and 3b. on pages 84 and 85.

† See Table 2 on page 83.

‡ See Tables 3a and 3b on pages 84 and 85.

from Poland during the past three years has been 220 million eggs, or some 14 per cent. of total foreign supplies. Of the other Continental countries, the Netherlands was the third largest supplier of foreign eggs in 1933 and 1934. After increasing between 1924 and 1931 by over 200 per cent. to 461 millions, Dutch supplies fell in 1934 to 113 millions, but increased to a striking extent in 1935. Finnish shipments have increased very rapidly during the past three or four years and accounted for 7 per cent. of the foreign supplies in 1934. China is the main source of supply outside Europe. The annual imports from China fluctuate considerably, but in 1933-34 they averaged 169 millions and accounted for 11 per cent. of the total from foreign countries.

The imports from the remaining countries are small in quantity and, in many cases, irregular from year to year. Most of these supplies come from the Scandinavian and Baltic States, although Russia is a potential, and in some years a considerable, supplier.

(ii) Seasonal Distribution of Supplies of Eggs in Shell.

Home production.—There are no reliable statistics to show how home production varies from month to month. It is common knowledge that production is at the peak for a period of eight to ten weeks during the spring, the actual length and the dates of the period varying according to the climatic conditions, and that it is at a minimum during late October and November. It is usually accepted that, as between these two periods, the marketed supply varies in the ratio of about $2\frac{1}{2}$ to 1. At certain times of the year, particularly in early spring and in the summer, sudden changes in climatic conditions may bring about an abnormal expansion or contraction of production, which may affect prices appreciably.

Imported supplies.—The seasonal variation of total imports of eggs is relatively small. Normally supplies increase in volume from the beginning of the year, rising to a peak in May, when they are usually some 15-20 per cent. above the monthly average; and there is a secondary peak in October. Over the short period the imports from individual countries are subject to temporary fluctuations, and in some instances these fluctuations may be wide enough to affect significantly the volume of total imports. Although monthly totals are remarkably steady, their regularity sometimes masks fluctuations in weekly arrivals which may have some influence on prices.

The normal seasonal distribution of the supplies from the individual countries varies considerably. The seasonal variation in imports from Denmark is small. The most marked feature is a tendency for imports to be below the average during the first three months of the year and to be above the average during the period from July to September. The regularity of Danish shipments is partly the result of a deliberate policy of maintaining continuity of supplies by seasonal storage. Imports from most other European countries, including the Irish Free

State, have a more marked seasonal variation. The period of heaviest exports from these countries is about the same as, or a little later than, the period of heavy production in the United Kingdom. All the non-European countries of supply, both Empire and foreign, have a trade that is practically limited to the period from August to February.

Changes in seasonal variations.—An examination of the monthly imports from several of the important foreign countries of supply shows that, over a period of years, there has been a tendency for the proportion of imports arriving during the second and third quarters of the year to increase and for the proportion arriving during the last quarter to decline. The chief competitors of the stored eggs from European countries are the chilled supplies from Australia and South Africa, and there is no doubt that one reason for the change in seasonality of imports from certain of the European countries has been the increasing quantity of such chilled eggs. It is probable also that the import duty, the incidence of which is relatively high on foreign stored eggs, may have been partly responsible for these changes.

While the imported supply is comparatively regular from month to month, home production has a marked seasonal variation. It follows that the relative importance of imports varies according to the time of the year. During the spring, when home production is at the peak, the proportion that imports bear to the total supply is at the minimum, but as home production diminishes in volume this proportion increases.

(iii) Prices of Eggs in Shell.

There is at all times on the large wholesale markets a wide range of prices for eggs. Price differences depend chiefly upon differences of reputation, quality and size. The gradations are, however, sufficiently small to allow that transfer of demand necessary to maintain the various prices in harmony with one another. Temporary gluts or shortages of a particular grade or class of egg may cause temporary fluctuations in the price of that class, but in the main prices are determined in relation to the total available supply. Consequently the prices of particular grades of eggs follow the general course of prices without much regard to the changes in the shipments from individual countries.

(a) Trends.

Home-produced eggs.—Between 1924 and 1929 prices at town and country markets,* which are probably representative of all home-produced egg prices, rose a little in 1925 and then declined, but later made a partial recovery and in 1929, at 19s. 2d. per 120, were 9½d. per 120 lower than in 1924. During 1930, however, prices fell considerably, and they continued to fall, though

* See Table 4 on page 86.

at a diminishing rate, in the following years. In 1934 the average for the year was 35 per cent. lower than in 1929. During the early months of 1935 prices averaged about the same as for the corresponding period of 1934, but since the end of May they have frequently been higher than in the previous year.

Imported eggs.—Changes in grade standards and in practices of market reporting render it difficult to measure exactly the trend of the prices of imported eggs over the same period. Since 1929, however, comparable quotations have been more continuous, and it appears that the prices of the chief classes of imported eggs have declined by about the same proportion as the prices of home-produced eggs.

(b) Seasonal Variations.

Home-produced eggs.—There is a marked seasonal variation in the prices of home-produced eggs. Prices are at a minimum for a period of six to eight weeks in March and April and at a maximum in November. Between the minimum and the maximum, prices vary in the ratio of slightly less than $2\frac{1}{2}$ to 1. The course of prices between the extremes is not regular. After the peak they usually fall rather sharply, but in the spring abnormal climatic conditions may cause a temporary rise, and during the period of rising prices there may be temporary setbacks to the upward tendency.

Imported eggs.—The prices of imported eggs generally have a seasonal variation comparable with those of home-produced eggs. The prices of Danish eggs, for example, are almost as seasonal as those of home-produced eggs. Prices of the cheaper imported eggs with a continuous market in this country tend to have a smaller seasonal variation. Prices of particular classes of imported eggs do not depend on the seasonality of the supplies of those eggs. This is best shown by reference to the Australian trade. During the first part of the season the prices of Australian eggs tend to rise in sympathy with egg prices generally (but not to the same extent) even though, during the same period, supplies of these eggs increase considerably. There is no doubt that the seasonality of imported egg prices is determined by market conditions generally, and on the supply side the most important single factor is the seasonality of the supplies of home-produced eggs.

(c) Price Differences.

The wholesale prices of best quality imported eggs are almost invariably lower than the prices of home-produced eggs of a comparable grade, and this difference is most marked during the period of rising and maximum prices. During 1933 and 1934 the difference between the price of National Mark "Standards" and of Danish ($15\frac{1}{2}$ lb.) at London averaged 2s. 10½d. per 120, a premium that represented 20 per cent. of the price of the home-produced eggs.*

* See Tables 5 and 6 on pages 87 and 88.

The corresponding premium for home-produced eggs, "ordinary selection," was 1s. 10d. per 120, representing 16 per cent. of the price of the home supply. The difference between the prices of home-produced and of the cheaper grades of imported eggs is greater; for example, the average price of National Mark "Mediums" was 5s. 7d. per 120 above that of Polish "Blues" at London in 1933-34, a difference of 44 per cent. of the price of the home-produced eggs.

These differences in price premiums are important from the standpoint of assessing the relative competition of the different grades of imported eggs. It may be assumed that the imported supplies nearest in price to home-produced supplies are more directly competitive than the cheaper imported eggs, and possibilities of a transfer of demand from imported to home-produced eggs are clearly greater when the difference in price is comparatively small.

(iv) Supplies of Eggs not in Shell.

Annual imports.—Practically the whole of Great Britain's supply of eggs not in shell is imported. It consists mainly of frozen liquid eggs (whole, yolk or white), but also includes dried albumen (white of eggs) and dried whole or yolk of egg. There is a substantial re-export trade, particularly of frozen liquid eggs. Retained imports of frozen liquid eggs have increased considerably since 1924.* Supplies of albumen and dried eggs have fluctuated from year to year, but on the whole the quantities have decreased since 1924. The estimated total shell egg equivalent of the retained imports of these three classes of egg products has increased from 587 millions in 1924 to 1,002 millions in 1934.

China is almost the sole source of supply, sending between 95 and 99 per cent. of each kind. During 1931, 1932 and 1933 there were increased imports of frozen liquid eggs from Australia, but the 1934 figures indicate a decline of this trade to a negligible quantity.

Seasonal variations.—The monthly imports of eggs not in shell have no regular and marked seasonal variation. Imports fluctuate considerably from month to month, but tend to be heavier during the second half of the year. Supplies can be stored in this country, and consequently the seasonal distribution of arrivals has no practical significance from the point of view of the regularity of marketed supplies.

(v) Values of Eggs not in Shell.

All three classes of eggs not in shell are used as raw materials of manufacture. Sales are commonly on the basis of annual contracts. There are few sales on the open market and consequently no representative published wholesale prices. The declared unit values, however, afford an indication of the trend of values over a period of years and a comparison between the values of the different products.

*-See Table 8 on page 90.

The declared values* of frozen liquid and dried eggs remained firm between 1925 and 1929. During this period the price of the former averaged 87s. per cwt. (equivalent to about 9s. per 120 eggs) and the price of dried eggs averaged 253s. per cwt. (6s. 9d. per 120 eggs). Since 1929 the values of both these classes of de-shelled eggs have fallen much more sharply than the prices of shell eggs. In 1934 frozen liquid eggs were 41s. 5d. per cwt. (4s. 5d. per 120 eggs) and dried eggs were 158s. per cwt. (4s. 3d. per 120 eggs). The fall in the values of albumen has been more continuous since 1924. These values do not include the import duty nor the costs of distribution in this country.

At the beginning of 1935 the wholesale price of liquid egg to the trade in this country appeared to be about 5½d. per lb., which is roughly equivalent to 5s. 6d. per 120 eggs. These prices compare favourably with the cheapest imported shell eggs even at the cheapest season and are not subject to anything like the same degree of seasonal variation.

* See Table 8 on page 90.

CHAPTER II.—SUPPLIES AND PRICES OF TABLE POULTRY.

(i) Supplies of Table Poultry.

Total supplies.—The total supply of table poultry in the United Kingdom consists of fowls (including chickens and old hens), ducks, geese and turkeys. The following table shows the proportions in which the total supply is divided between home production, Empire imports and foreign imports and also the changes in quantities and in proportions during the past 10 years* :—

	1925.		1931.†		1934.	
	Quantity.	Per cent. of Total.	Quantity.	Per cent. of Total.	Quantity.	Per cent. of Total.
Home-produced supplies‡	000 cwt. 989	73	000 cwt. 1,315	67	000 cwt. 1,636	78
Empire imports † ...	93	7	111	6	167	8
Foreign imports † ...	281	20	540	27	292	14
Total ...	1,363	100	1,966	100	2,095	100

† Note.—1931 was the year of maximum imports of poultry.

‡ Estimated.

It is only from 1933 onwards that the import statistics have made any distinction between the different classes of dead poultry. The figures now show imports of chickens (including hens) and turkeys separately, with the balance, mainly ducks and geese, described as "other kinds." It is, therefore, impossible to estimate separately the total supplies of the various classes of poultry except for 1933 and 1934. In round quantities the total supply of fowls averaged 1,450,000 cwt., of which about 12 per cent. was imported, and the supply of turkeys averaged 370,000 cwt., of which some 70 per cent. was imported.†

Home production.—*Fowls.*—The production of table fowls in the United Kingdom is, in the main, subsidiary to egg production, and changes in the volume of supplies have been determined largely by changes in the size of the egg laying flocks. The main part of the increase since 1925 has been consequent upon the expansion of egg production.

The estimated total production of table fowls in the United Kingdom increased from 732,000 cwt. in 1925 to 1,322,000 cwt. in 1934. In 1934 the estimated production in England and Wales was 1,078,000 cwt., in Scotland 75,000 cwt. and in Northern Ireland 169,000 cwt.

* The figures of total supplies in the above table and in Table 9 do not include the relatively small quantities of imported live poultry; see footnote on page 12.

† See Table 10 on page 92.

The home-produced supply includes a wide range of quality differences. At the top there is a comparatively small proportion (say 5 per cent.) of the best quality "Surrey" fowls. The bulk, however, consists of surplus cockerels and culled pullets and hens. These again vary in quality and include, besides the best type of roasting "country chicken" and the better class "boiling fowl," a proportion of very low quality birds.

Ducks, geese and turkeys.—There has been no increase in the production of ducks, geese and turkeys corresponding to that of table fowls. The annual supplies of ducks have increased slightly since 1930, the increase being most marked in Scotland, and in 1933 and 1934 total production in the United Kingdom averaged 132,000 cwt. The annual production of geese and of turkeys has fluctuated around a fairly steady level since 1925, and in 1933 and 1934 averaged 65,000 cwt. and 112,000 cwt. respectively.

Total imports of poultry.—The total *retained* imports of dead poultry* from all sources increased between 1925 and 1931 from 374,000 cwt. to 651,000 cwt., but have since declined, and in 1934 amounted to some 449,000 cwt. Gross imports from Empire countries, of which the Irish Free State is the largest supplier, increased from 97,000 cwt. in 1925 to 157,000 cwt. in 1934. In recent years these have represented about one-quarter, and in 1934 one-third, of total imports and between 6 and 8 per cent. of the total supply. Foreign supplies almost doubled between 1925 and 1931, when they amounted to 553,000 cwt. and represented about 28 per cent. of the total supply. Since then they have declined both in quantity and in relative importance and in 1934 amounted to 295,000 cwt. or 14 per cent. of the total. So far during 1935 foreign imports have tended to increase again as compared with the corresponding period of 1934.

Separate statistics for fowls and turkeys are available only for the last two years,† and those were years when abnormal conditions prevailed. The position may have been different in previous years.

Imports of chickens (including hens).—During 1933 and 1934 the total annual imports of chickens amounted to 199,000 cwt. and 145,000 cwt., or approximately 40 per cent. and 32 per cent. respectively of total imports of dead poultry. It is impossible to judge trends from the figures for only two years, but it may be observed that imports from Empire countries increased in 1934, and the reduction in total imports was more than accounted for by the decline in foreign supplies. These were shared between a number of countries, but well over 80 per cent. of the trade was

* See Table 11 on page 93. There are in addition small imports of live poultry. Until 1934 the bulk of these were imported from the Irish Free State, but the numbers have declined considerably in recent years. During 1933-34 they averaged some 400,000 birds (say 20,000 cwt.). Some of these are for use as stock or store birds and some are for immediate slaughter and consumption.

† See Table 10 on page 92.

with Hungary, Russia, the Netherlands, Poland and Yugo-Slavia. Poland was the only one of these to increase her trade in 1934. The supplies from the others were reduced by more than 50 per cent. in that year.

The import trade in chickens has, of course, been affected by the falling price level and adverse exchange rates. The chief cause of the severe reduction in 1934, however, seems to have been the imposition of the duty of 3d. per lb. in September, 1933. This resulted in a reduction of the total quantities and particularly the imports of the cheapest grades of chickens and hens. Imports during certain months of 1935 have been slightly above last year's level.

Imports of turkeys.—Imports of turkeys in 1933 and 1934 were 255,000 cwt. and 261,000 cwt. respectively, and accounted for more than 50 per cent. of total imports of dead poultry. Nearly one-third of the imported supply is from Empire countries, mainly from the Irish Free State. The chief sources of foreign supply are Hungary, Yugo-Slavia and Argentina.

Imports of "Other kinds."—The imports of ducks and geese are of minor importance. In 1933, and again in 1934, they amounted to some 46,000 cwt. The main sources of supply are the Irish Free State, Hungary and the United States of America. The imposition of the increased duty in 1933 has not affected the imports of these classes of poultry so severely as the imports of chickens.

(ii) Seasonal Distribution of Supplies of Poultry.

Fowls.—*Home-produced fowls.*—There is a regular and well-defined seasonal variation in the supply of home-produced fowls. Supplies are at a low level during the first five months of the year, but from June onwards they increase, reaching a maximum during August and September, and then gradually diminish in quantity. The chief factors determining the seasonal distribution are the breeding and culling practices of egg producers, and the increase in the supply in the late summer and early autumn is due to the disposal of surplus cockerels and to the heavy culling that takes place at that time of the year to make room for the new pullets.

Of equal importance to the seasonal changes in the volume of supplies are the seasonal changes in quality. During the early months of the year the supply consists chiefly of culled hens and autumn-bred chickens, but towards April there is a larger supply of better quality spring chickens, which continues to increase during May and June. As the season advances the birds tend to become larger and of a coarser type.

Imported fowls.—The imported supply of chickens also has a marked seasonal variation.* Imports as a whole reach a maximum during the first and last quarters of the year, when home supplies

* See Table 12 on page 94.

are relatively scarce. During the summer months imports are negligible in quantity. There is, however, a good deal of difference in the seasonality of the supplies of individual countries. Irish Free State chickens are available at all times of the year. Imports from the Netherlands and Belgium are at a maximum during the third quarter of the year. Supplies from the central European countries are heaviest during the months of January to March and during the latter part of the year.

Turkeys.—*Home-produced turkeys.*—Practically all the home-produced supply of turkeys is marketed for the Christmas trade. Supplies at other times of the year are small and irregular. The home industry does not appear to have made any serious attempt to extend the season for marketing turkeys, although such an extension might allow an increase in production without seriously affecting prices. Nor does there yet appear to have been sufficient expansion at home of the production of the smaller birds now in demand.

Imported turkeys.—The bulk of the imported supply arrives for the Christmas trade, but in recent years there appears to have been an increase in supplies during the autumn and for a period after Christmas.

Ducks and geese.—*Home-produced ducks and geese.*—The first supplies of home-produced ducklings come on the market in April. They increase in quantity and in size during May and June, and become most plentiful during July and August. Usually a quantity of older birds is prepared for the Christmas trade, but during the remaining months of the year the supply becomes almost negligible. There is a small and irregular supply of young geese during the early summer, but the bulk of the supply is sold at Michaelmas and Christmas, the Michaelmas trade being of more importance in the North of England.

Imported ducks and geese.—The two chief classes of imported ducks (American and Chinese) arrive during the spring and early summer, the better quality Long Island ducks finding a market during the period of the London "season." Most of the imported geese are sold for the Christmas trade.

(iii) Prices of Poultry.

The prices of the chief classes of imported poultry have fallen during the last few years side by side with those of home-produced poultry. On the whole they were well maintained until 1929; but since then the reduction has been steeper, though not so steep as in the case of eggs.*

Those classes of imported chickens with a regular market in this country have a seasonal variation in price similar to that of home-produced poultry. During the early part of the year prices tend to rise. They are at a peak in April and May, and then

* See Tables 13 and 17 on pages 96 and 99.

decline until the stimulation of demand by the Christmas trade brings about a slight increase. Prices are generally above the average during the first half of the year and below the average during the latter half.

It is difficult to make useful comparisons between the prices of imported and home-produced table poultry because of the irregularity of the grading of much of the latter. There is no doubt, however, that as between supplies of a comparable grade, there is a price premium in favour of the home-produced supply. A comparison between the average prices of Surrey fowls and Dutch chickens (high grade imported chickens) at London indicates that over a period of years there has been a margin varying between 5d. and 1d. per lb. in favour of the Surreys. This margin has tended to narrow in recent years. Irish Free State chickens appear to be some 4d. per lb. lower in price than a comparable grade of English chickens.

The difference between the prices of the great bulk of foreign chickens and home-produced birds is so large as to indicate that the respective supplies cater largely for different markets. There must, of course, be some competition between the two, but it is clear that there is little hope that the demand for small Hungarian chickens, for example, can be transferred to home-produced birds except at prices comparable with those now paid for the Hungarian supplies.

There is a somewhat similar difference in price between home-produced and imported turkeys, but here again the two parts of the supply are not entirely comparable, for, apart from quality differences, the imported birds are usually much smaller and, therefore, cost less per head than home-produced turkeys.

CHAPTER III.—INFLUENCES AFFECTING IMPORTS SINCE 1930.

Eggs and poultry have not always been affected either to the same degree or at precisely the same time by the special influences which have tended to reduce imports during the last few years, but over the period both commodities have been affected in much the same way. While, therefore, for the sake of simplicity we shall consider eggs alone, our conclusions will apply in a general sense to poultry as well.

During the period from 1924 to 1930 both home production and imports of eggs, encouraged by an expanding demand, increased steadily side by side. It is true that in 1929 there was a slight reduction in imports, due in part perhaps to the requirement of marking with an indication of origin which came into force in April of that year, but mainly to the severe weather experienced on the Continent during the early months of the year. In 1930, however, there was again an increase.

During this period prices showed a downward tendency, but until 1930 this was no more marked than the downward movement of agricultural prices generally. Although producers complained of the competition of foreign imports, there was nothing in the price situation to cause serious misgiving. Indeed, though total supplies increased between 1924 and 1928 by more than 30 per cent., prices declined by only 11 per cent.; and while supplies were a little heavier again in 1929, prices actually rose to a point only 4 per cent. lower than in 1924.

(i) The Industrial Depression.

With the onset of the industrial depression and the consequent decline in the purchasing power of the consumer, prices of eggs, as of most other commodities, fell more rapidly. Depressed conditions were not, of course, confined to the United Kingdom but were more or less general throughout the world, though they did not reach a climax in all countries at exactly the same time. In the United Kingdom the first definite break in the prices of eggs came in 1930, when they fell by nearly 15 per cent., although total supplies were only 8 per cent. larger than in 1929. Since then new factors have come into operation in such rapid succession that it is impossible to indicate with precision the effects of any one of them. The one continuing factor throughout has been the cumulative effects of the depression.

A reduction in the profits of an individual industry generally tends to bring about a contraction of production in that industry; but with agriculture the first effect of bad times is usually to induce a greater output at the lower prices in an endeavour to maintain total gross income at the old level. When, however, a particular branch of their industry continues to be unprofitable, agricultural

producers, sooner or later, turn to such other branches as are in a relatively more favourable position. The increases in dairying and poultry-keeping on general farms in this country are, in part at least, results of changes of this kind. When the depression is general, however, or where opportunities for change are limited by other factors, there is little incentive to transfer from one branch to another. In such circumstances the only practical course is for producers to accept for the time being a lower standard of returns and of living.

These considerations do not apply only to producers in this country; they are, of course, equally applicable to producers in other countries in a time of depression. The general contraction of markets that resulted from the slump made it virtually impossible for producers abroad to transfer to alternative markets, with the result that there was no immediate reduction in imported supplies.

(ii) The Departure from the Gold Standard.

The international financial crisis culminated, so far as the United Kingdom is concerned, in the decision to abandon the gold standard in September, 1931. When the value of the pound sterling ceased to be related to that of a specific quantity of gold, the currency of the United Kingdom lost its old relationship with the currencies of those countries that remained on a gold basis. The pound became of lower value in relation to the currency of those other countries, so that either the prices of eggs in the United Kingdom had to rise proportionately or the returns to producers abroad were diminished. In fact, egg prices did not rise. In consequence the returns to producers in those countries remaining on gold were reduced in terms of their own currency. This reduction, it should be noted, was supplementary to the fall in price which still continued on account of the persistence of earlier conditions.

There was an immediate decline in the exports to the United Kingdom of eggs from some of the more important of those countries whose currencies remained based upon gold. As compared with the average for the corresponding period of the three years previous to 1931, imports during the five months from October, 1931, to February, 1932, from the Netherlands and Belgium were reduced by 38 per cent. and 26 per cent., respectively. Poland, which was also on the gold standard, was an exception to the general rule. For those countries which had either already abandoned the gold standard or were prepared to abandon it and to maintain parity with sterling, this latest development made no great difference. Danish shipments were reduced for a time, but within a few months Denmark joined the sterling group and so avoided the disadvantage of an adverse exchange rate. For the months October to February, 1931-32, Danish shipments as a whole were 6 per cent. greater than during the basic period mentioned above. The decrease in foreign egg imports as a whole for this period amounted to some 21 per cent.

A period of five months is, however, too short either to enable the full effects of a change of this magnitude to come into operation or to afford satisfactory material for comparison. The percentages quoted can, therefore, hardly be regarded as more than indicative of the results which ensued from the breakdown of the international monetary exchanges. It is impossible to extend the comparison beyond those five months because in March, 1932, a further important factor came into operation.

(iii) The Import Duties of 1932.

The Import Duties Act, 1932, imposed duties of 10 per cent. *ad valorem* on the great bulk of goods, including both eggs and poultry, imported into the United Kingdom from foreign countries as from 1st March, 1932. The import duty on eggs, however, only remained at this level until November of that year. Total imports of eggs from foreign countries for the period March to October were 25 per cent. below the average for the corresponding period of the three years 1928-30. As the decrease in foreign imports during the few months immediately preceding the imposition of the duty had amounted to 21 per cent., the *prima facie* conclusion would seem to be that the duty of 10 per cent. was responsible for an additional decrease of 4 per cent. in foreign imports. It would not, however, be possible to maintain, even within liberal limits, that this was a true measure of the effect of the duty. Apart from the shortness of the two periods for comparison and the different seasons included in them, quite other factors influenced the situation at the same time; for instance, sterling depreciated in terms of gold currencies by some 6 per cent. between March and October, 1932.

There were important differences in the changes in the volume of imports from individual countries after the imposition of the duties. Supplies from the Netherlands, Belgium and Poland—all still at that time on the gold standard—were reduced by 47 per cent., 39 per cent., and 37 per cent. respectively, as compared with the corresponding period of 1928-30. Imports from Denmark, on the other hand, were 21 per cent. greater, while those from Sweden, a regular supplier, though of smaller quantities, whose currency had also depreciated with sterling, were reduced by 23 per cent.

The Ottawa Agreements Act, 1932, which became law in November, 1932, substituted specific duties for the earlier *ad valorem* duties.* These specific duties ranged from 1s. to 1s. 9d. per 120 eggs, according to weight, and were equivalent at that time to some 15 per cent. *ad valorem*. From that date until March, 1934, when quantitative regulation by voluntary agreement was introduced, the import situation was governed by the combination of lower prices, depreciating exchanges, and the increased import duty.

* See Table 18 on page 100.

If a comparison is made between the figures for 1933 and the average for the three years 1928-30, it is seen that total imports of eggs from foreign countries during 1933 were lower by 37 per cent. Supplies from the Netherlands, Belgium and Poland were reduced by 66 per cent., 84 per cent. and 41 per cent. respectively, as compared with the base period, and Swedish imports were reduced by 64 per cent. Imports from Denmark, on the other hand, after being lower for a few months following the imposition of the new duties, recovered and, during 1933 as a whole, were 6 per cent. greater than during the base period.

In considering the part played by import duties in bringing about this reduction in the volume of imports it is essential to bear in mind the other factors that were operating simultaneously. Throughout 1932 and 1933 egg prices in this country continued to fall for reasons not directly related to import duties. The lower prices must have affected producers abroad, although they were probably offset, to a different degree in different countries, by the lower world prices of feeding stuffs. Further, in the case of the countries remaining on gold, the departure of Great Britain from the gold standard and the steady depreciation of sterling had the effect of accentuating the price reductions due to other causes. The addition of the import duties to the low prices and adverse exchange rates no doubt assisted in reducing exports to this country still further, and in some instances to negligible proportions.

It is impossible, in these circumstances, to attempt to isolate the effects of the import duties from those of other contemporaneous influences. There have, moreover, been factors acting in the reverse direction to complicate the issue. In the first place, several importing countries, Germany among them, have restricted imports by quota and by control of currency and exchange. Germany was until comparatively recently a close second to Great Britain as a customer in the world market for eggs. Her imports have seriously declined in recent years and, at times, have fallen to a very low level. It has then been essential for the countries which previously supplied her to find some other outlet for their produce. In the same way, quantitative control and currency restrictions in other countries have added to the surpluses seeking an outlet.

Secondly, as a result of these disturbed conditions of international trade, there has been a considerable extension of the practice of subsidising exports either directly or indirectly. In some cases the exporter may receive a direct payment on all eggs exported, while in others he may receive certificates which are accepted in lieu of cash as payment of import customs duties. Again, the industry itself may subsidise exports out of a levy on production; or the proceeds of a tax on imported feeding stuffs may be devoted to the same purpose. Each of these methods has, in fact, been used by exporting countries in an endeavour to overcome the restrictive effects of diminishing returns; for in many

of these countries the small poultry producer is a highly important element in the national economy.

Although foreign imports decreased by 25 per cent. for the eight months (March to October, 1932) following the imposition of import duties and by 37 per cent. during the year 1933 after the duties had been increased, the reductions in total imports were only 20 per cent. and 29 per cent. respectively. The difference is due to the relatively smaller changes in imports from within the Empire which, except in the case of the Irish Free State, were not subject to import duties.

During the spring and summer months the Irish Free State is the principal Empire source of supply, while Australia and South Africa concentrate mainly on the autumn and winter months. The special conditions affecting the Irish Free State are examined in the course of the next few pages, and it is sufficient for the moment to note that, in 1932 and 1933, her exports to the United Kingdom were decreasing at much the same rate as those from foreign countries. Australia, on the other hand, increased her share in the market considerably during those years. The depreciation of Australian currency as compared with that of the United Kingdom has, no doubt, been among the principal factors contributing to this expansion, and, in addition, the marketing system in certain of the Australian States operates on a price equalisation plan which assists their export trade to the United Kingdom market. The immediate point is, however, that the duties have afforded a preference not only to home-produced eggs, but also to those from the Dominions.

It will be observed* that the imposition of import duties on eggs was not accompanied by any rise in prices in this country. In fact, prices have continued to decline until this year, though progressively less each year. It seems certain that the duties must have had some effect in preventing home-produced egg prices from falling so rapidly as they would otherwise have done, but to what extent it is impossible to ascertain.

(iv) The Special Duties on Irish Free State Produce.

Since July, 1932, imports of eggs from the Irish Free State have been subject to the payment of special *ad valorem* duties which were originally fixed at 20 per cent. and were raised in November, 1932, to 40 per cent., at which level they have since remained.† Since the prices of Irish Free State eggs in this country have not risen in relation to other egg prices, the economic effect of the duties must have been to reduce the amount available either for the exporters or for the producers, thus supplementing the fall in prices due to market conditions and operating as a further restrictive influence upon the export trade.

* See Tables 4 to 7 on pages 86 to 89.

† See Table 18 on page 100.

When the duty was raised to 40 per cent. *ad valorem* the Government of the Irish Free State instituted a system of export bounties. The bounties were at specific rates, according to the grade and description of the eggs, but these rates have been altered from time to time.

The amount of duty payable, since the duty is charged on an *ad valorem* basis, varies according to the seasonal variation in prices, being lower in the spring, when prices are low, and higher in the autumn when prices are high. The amount of the bounties does not vary seasonally and thus bears a different relationship to the duty at different times of the year. During the period of low prices the bounty almost equals the duty—in 1934 it was even greater for a time—thus leaving net returns to producers almost unaffected; but during the period of high prices the bounties only represent some 50 per cent. of the duty. The result has been, therefore, to render the import duty much less restrictive at some times of the year than at others.

Imports of eggs from the Irish Free State reached a peak in 1928 and then began to decline. This decline has accelerated since the special duties were imposed in 1932. During 1929-31 the reduction amounted to some 4 per cent. per annum, but in 1932 and again in 1933 it was about 14 per cent. The poultry population of the Irish Free State, which had remained almost constant for several years, was reduced from some 18 millions to some 16 millions between 1933 and 1934.

The reduction in shipments has been greater during the second half of the year, when the duty is at its highest and the bounty is insufficient to cover it, than during the first half. On the other hand it is interesting to note that, during the first half of 1934, when the bounties were almost sufficient to counteract the duties, imports were lower by 30 per cent. than the average for the corresponding period of 1929-31. Although exchange rates do not enter into the matter, it is difficult, over the whole field, to form any reliable opinion as to the extent to which the egg marking Order of 1929, the lower prices of recent years and the special duties have, respectively, been responsible for the reduction.

(v) Quantitative Regulation of Imports of Eggs.

During the first two months of 1934 imports of eggs in shell increased by more than 20 per cent. over the figure for the corresponding period of 1933. The situation was viewed with some anxiety by the home industry, and following representations from the organisations concerned, the Market Supply Committee—which was appointed under the Agricultural Marketing Act, 1933, to advise on the regulation of imports of agricultural products—was asked to investigate and report on the supply situation. In the light of the Committee's report the Government decided that, while it would be inopportune to embark on any long-term plan for dealing with imports pending the submission of our Report,

the market situation would be prejudiced if the marked recovery in imports were to continue. An endeavour was, therefore, made to peg the import position for the time being; and since, in the absence of a marketing scheme, this could only be done by voluntary agreement with exporting countries, the Governments of the Irish Free State and foreign countries were asked to make every effort to limit their exports to the United Kingdom during the six months to 14th September to a figure not exceeding that for the corresponding period of 1933. This "standstill" proposal was subsequently extended to the end of September.

The response to the Government's request was, in the aggregate, not unsatisfactory. Although imports from some foreign countries exceeded the 1933 level, those from others showed reductions; on balance, total imports from foreign countries showed an increase of rather more than 1 per cent. over the 1933 figure. Imports from British countries, however, showed a reduction, for which the Irish Free State was mainly responsible, and in the result total imports of eggs in shell from all sources during the 6½ months to 30th September, 1934, were about 1 per cent. less than in the corresponding period of the previous year.

Before the expiry of the "standstill" arrangement the import situation was again considered, and in consequence of a further report from the Market Supply Committee, it was decided that the voluntary arrangements should be continued during the six months to 31st March, 1935. It was considered desirable that an effort should be made to secure a small reduction in imports, and the Governments of foreign exporting countries were accordingly approached with proposals designed to reduce imports into the United Kingdom from foreign sources by 5 per cent. during the last quarter of 1934, as compared with the corresponding period of 1933, and by 10 per cent. in the first quarter of 1935, as compared with the first quarter of 1934. The Government of the Irish Free State was asked to arrange reductions of half the above rates, and the Governments of the other Dominions concerned were invited to co-operate by endeavouring to secure that their exports to the United Kingdom during the 1934-35 winter season did not exceed those of the previous season.

The figures of total imports during the six months to the end of March, 1935, were somewhat disappointing in the light of these proposals. Foreign supplies showed reductions of less than 1 per cent. in the last quarter of 1934 compared with the corresponding quarter of 1933, and of about 2 per cent. in the first quarter of 1935 compared with the corresponding quarter of 1934. The failure to secure the desired percentage reductions was due to heavy shipments from a few exporting countries. Total imports from British countries during the six-months' period showed a slight increase due to the larger Australian shipments which more than offset the reduction in imports from the Irish Free State.

For the second and third quarters of 1935 the proposals made to the Governments of exporting countries were designed to effect reductions of 10 per cent. and 5 per cent., respectively, in imports of eggs in shell from foreign sources, and 5 per cent. and $2\frac{1}{2}$ per cent., respectively, in imports from the Irish Free State, compared with the figures for the corresponding quarters of 1933. Again actual imports from individual foreign countries showed wide variations from the proposals, and total imports from foreign countries exceeded the 1933 level by about 13 per cent. and 26 per cent., respectively, in the second and third quarters. Imports from the Irish Free State, however, were reduced by 32 per cent. and 20 per cent., respectively. Imports of eggs in shell from all sources in the second quarter were nearly 2 per cent. less than in the corresponding quarter of 1933, while in the third quarter total imports exceeded the 1933 level by about 17 per cent.

The regulation of imports on a voluntary basis is being continued during the last quarter of 1935 and the Governments of the Irish Free State and foreign exporting countries have been asked to limit exports to the United Kingdom to quantities not exceeding those exported in the last quarter of 1933.

(vi) The Current Situation.

These latest efforts to secure reductions in imports were operative only during part of the year 1934. Over the year as a whole foreign imports rose by 5 per cent. as compared with 1933, but this increase took place during the first two months. The countries increasing their shipments in 1934 included not only Denmark, Sweden and China, but also Poland, whose currency was still theoretically based on gold, and several countries of minor importance as sources of supply. Imports from the Netherlands and Belgium were reduced once more.

During the first nine months of 1935, total imports from foreign countries increased by 13 per cent. as compared with 1934. Imports from the Netherlands rose by 223 per cent. and Belgian imports, though much smaller in quantity, increased sixfold. Chinese and Polish shipments on the other hand, were reduced by 21 per cent. and 3 per cent., respectively, and Danish shipments were 1 per cent. lower.

The extraordinary increase in the supplies from the Netherlands has been mainly responsible for the increase in total foreign supplies during the first three quarters of 1935. It has already been seen that during 1932 and 1933 Dutch supplies had been heavily reduced. During the first nine months of 1935 they amounted to 78 per cent. of the imports of the corresponding period of 1931. This recovery coincided with the extension of the export subsidy system in the Netherlands, though it is understood that the subsidies paid are intended only to offset the additional cost of feeding stuffs due to the import levies imposed on them. The enforced contraction of

European markets seems to have been generally responsible for directing additional supplies to this country. The desire to maintain their trade at the highest possible figure in case a compulsory system of quantitative regulation should be adopted in the United Kingdom may also have affected some of the supplying countries. Within recent months, however, the volume of supplies from the Netherlands has diminished following upon the establishment of a system of export control in that country.

The outstanding features of the situation as regards Empire imports are that supplies from the Irish Free State have continued to decline and that Australia has sent, during the 1934-35 season, more than ever before and 19 per cent. more than in 1933-34.

The increase in imports from foreign sources in 1935 reflects the difficulty of regulating imports effectively by voluntary arrangement when the period of regulation is prolonged and the number of exporting countries concerned is considerable. It also suggests that the restrictive influences of the falling prices and of import duties (now averaging some 20 per cent. *ad valorem* throughout the year), even where coupled with a substantial depreciation of sterling, are not likely, at their present levels, to reduce imports any further.

CHAPTER IV.—THE OBJECTIVES OF AN IMPORT POLICY.

Our terms of reference require us to consider how the operation of marketing schemes for eggs and poultry in Great Britain can be facilitated by measures affecting imports. It would hardly be practicable to interpret these terms so narrowly as to confine ourselves to the question of how import policy might be used to assist and to safeguard the actual day-to-day working of the schemes, for measures affecting imports could not fail to react upon the general welfare of the industry. Nor, in our view, should we be acting in the spirit of our appointment if we did not take into consideration the question of how import policy, as the complement of marketing organisation at home, should be used to serve the wider purpose of strengthening the position and improving the prospects of the industry.

(i) Safeguards for the Marketing Schemes.

The marketing schemes prepared by the Reorganisation Commissions both for England and Wales and for Scotland consist, in essence, of a plan for collecting eggs from producers, assembling them at packing stations where they will be tested and graded, and passing them out into the normal channels of trade as a high-grade standardised product that can be bought and sold with confidence. It is an integral part of each scheme that the Boards should undertake the determination of prices on a supply-demand basis throughout the year. As regards poultry it is recommended that a similar system of assembly, grading and distribution should be introduced when circumstances permit, but that further experiment and development will be necessary before full organisation can be undertaken.

Assistance in price determination.—The earlier Commissions laid emphasis upon the necessity for accurate statistical knowledge of the supply situation and for all available information as to the current trend of demand. A Board should know not only the number of eggs for disposal in its packing stations, but also the situation in regard to the principal competitive foodstuffs likely to affect the price that the market for eggs could bear. Imported shell eggs are clearly the most important of all these competitive foods, and before prescribing a "national" price, a Board should not only have knowledge of the existing state of home production but also of imported supplies.

The danger of dumping.—In theory, at least, the working of the machinery of the schemes is not dependent upon any particular level of supplies of either home-produced or imported eggs. Whether supplies increase or decrease, the determination of prices on a supply-demand basis can still proceed; and variations in the volume of imports may be expected to have less effect on home egg prices than similar variations in the home-produced supply. The

experience of many years past shows that, in fact, the monthly figures for imports of eggs do not vary greatly throughout the year. Even during the last three years, when world market conditions have been particularly erratic, they have shown no extreme variation. Substantial differences do, however, occasionally occur in weekly imports, and these differences appear at times to have had more than a proportionate effect upon price levels. The probability is that at these times the potent factor in unsettling prices is the sense of uncertainty and insecurity created in the market rather than the actual additional supplies. This influence should disappear under a system of organised marketing, for a Board with the best information available of the market position will be less likely to be stampeded than unorganised producers.

In practice, however, it is conceivable that the closing of some foreign market, particularly in the spring, might cause a sufficiently large flow of eggs to this country to disorganise the operations of a home marketing Board. The recurrence of crisis conditions in other countries, leading to the dumping of imports by means of depreciated exchanges or subsidies, might also require the adoption of strong measures of import control in this country if the collapse of the egg market and of the home marketing schemes were to be prevented. These factors, however, hardly affect the normal working of a marketing scheme, but suggest the provision of machinery to deal with emergencies.

The spring storage of eggs.—Both Commissions also suggested that the Boards might undertake the storage of eggs with the main object of steadying prices in the spring. They advised that great caution should be exercised to ensure that, in the effort to maintain prices, the Boards should not risk substantial losses in disposing of these stored eggs later in the year or discourage the production of fresh eggs at that time. It is clear, however, that any success which the Boards may have in steadying egg prices in the spring would provide an opening for exporting countries to take advantage of this market. Obviously the whole purpose of the plan would be lost if eggs from overseas were to flow into the home market to replace those that were removed for storage. It will, therefore, be necessary, if the Boards decide to adopt the spring storage proposal, to ensure that there is at least no disproportionate increase in imports of eggs during the period when storage is taking place.

We have considered whether it would be desirable to attempt to strengthen the market in the spring by excluding the whole or part of the imported supply rather than by reducing the marketed supplies of home eggs. But one of the main reasons for the proposal that some of the home-produced supplies should be withheld is that their influence on the market is direct, so that the effect upon prices can be estimated with greater confidence. Seasonal restriction of imports would not have a direct effect upon spring prices, because

success would depend upon the transference of demand from imported to home-produced eggs. Some part of the demand for foreign eggs of various classes and at varying prices would be transferred to the home product, but the total volume represented by the excluded imports would not. It would, therefore, be more difficult to forecast the effect on price of a given reduction in imports than of a given reduction in the marketed home output.

In the autumn, too, there would be a difference between the results of the two policies. Part of the object of storing home eggs is to expand the autumn demand. It is reasonable to suppose that the presence on the market of a substantial quantity of home-produced eggs, stored under the best possible conditions, will stimulate the use of those eggs in substitution for imported eggs with which they will be competitive in price. They will probably compete also, to some small extent and for certain purposes, with home new-laid eggs. In so far as they do so, high autumn prices will tend to ease and so to pave the way for a more rapid expansion of demand for home eggs when production begins to increase each season. In both of these respects the effect will be to encourage the demand for *home-produced* eggs in the autumn. The exclusion of foreign eggs in the spring would not have this result. So long as home production remained highly seasonal, the expansion of autumn consumption would depend largely on imported eggs, and the annual difficulty of transferring demand back to the home product would recur.

With these considerations in mind we think it not improbable that, when a sufficient degree of organisation has been achieved, the home Boards may wish to experiment with storage. One of the aims of import policy should be to protect them from an influx of additional imports if they should decide to do so.

Table poultry.—As regards poultry, the preliminary work of experiment and development which must precede systematised marketing cannot at best be completed for several years. It does not appear, therefore, that we can usefully suggest in detail what measures might be taken to assist the operation of a scheme which has only been defined in broad terms. In general, however, the considerations set out above in relation to price determination for eggs may, in time, apply also to poultry; and though the supply situation for the two products is different in material respects, it may be necessary in the same way to guard against the danger that unduly heavy imports might break the market.

(ii) Further Assistance for the Home Industry.

The possibility of securing a permanent increase in producers' net returns.—Poultry producers, when advocating further measures of import restriction, do not put forward as their main reason that such measures will enable a marketing scheme to operate, but that they will secure better net returns for individual producers. It will be desirable to examine the possibilities in this direction in some detail.

The determining factor as to whether an industry is successful is the level of profit derived by a reasonably efficient unit. Even in normal times there is, in most producing industries, some continual change in the units providing the total volume of production. Established units disappear either because the general level of profit has fallen too far for them to exist or because they are relatively inefficient. Unless the industry is on the down grade, new units replace those which have dropped out or existing units increase their production. If a particular industry is relatively more profitable than others, the volume of production will tend to increase, either because the number of new producers will be greater than the number leaving the business or because existing producers will expand their production. There must obviously be a point at which the returns to producers in the industry are neither good enough to bring about further expansion nor bad enough to cause further contraction. At this point the industry will be in equilibrium, and it will so remain until some new factor—such as an increase in demand, or the discovery of a new process, or some action by the State—comes to disturb it. Then the process of finding a new point of equilibrium will begin, and the industry will either contract or expand until the profitability is just sufficient to keep it once more on an even keel. In brief, while it is possible to raise the unit returns of an industry temporarily by external means, the new level of profit will, in the long run, cause an expansion of production and so substantially restore profits to a normal level. A higher level of relative profitability could only be maintained permanently by controlling the volume of production.

This very general statement, expressed in the simplest possible form, needs considerable qualification. In the course of the ordinary give and take of industrial competition, with its constant interaction of economic forces, exact equilibrium is seldom, if ever, secured. Moreover, during a time of increasing demand it is possible for an industry to remain abnormally profitable for relatively long periods. It is possible, too, that an increase in the volume of production may bring with it some increase in marginal costs, and the rise in prices necessary to maintain marginal producers in production may, for the time being, give the more efficient producers a more than normal rate of profit. In the manufacturing world increased production can usually be undertaken at lower unit cost, but that is not so generally the case with agriculture.

Again, the rapidity with which production can be increased varies enormously from one industry to another. Where a high degree of technical skill, long training or great experience are necessary, it might be a relatively slow business to increase production. But in other cases, including that of the poultry industry, both production and the number of producing units can be expanded with great rapidity not only by experienced poultry keepers but also by newcomers to the industry.

If equilibrium had been reached in the poultry industry, there can be no doubt that any measure of import restriction which was successful in increasing the relative profitability of the industry would bring about a new expansion. Some producers would increase their existing flocks; others, on the point of being forced out of production, would be enabled to continue in business; and new producers would seek a living under conditions which appeared to them, for one reason or another, to be an improvement on their existing circumstances. Similarly if the position of the industry were such that some expansion might still be expected, the immediate effect of any measures that increased the relative profitability of the industry would be to increase the rate of expansion. On the other hand, if the industry were relatively depressed and the tendency to contraction had already begun to show itself, as the latest statistics of poultry population seem to indicate to be the fact, the effects of increased returns would be first to reduce the rate of contraction and finally to induce a fresh expansion.

Expansion could take place easily and rapidly in the poultry industry, because no elaborate preparations are necessary and comparatively little capital is required. Some producers might find themselves better off than before, even if prices were reduced under the pressure of increasing supplies, either because they were selling a larger quantity of eggs or because they were able to reduce their unit costs. It would not be long, however, before the average level of net returns in the industry as a whole was brought once again to the point at which expansion would cease. If it is the case that the level of profit to-day is so low as to cause some contraction of the industry, then the normal average level at which equilibrium will ultimately be reached will be somewhat higher. In any case the long-term result of any form of import policy or other measure, of which the immediate effect was to increase profits beyond the normal, would be an expansion of the industry, rather than a permanent increase in net returns per bird.

The desirability of expanding the home industry.—These conclusions will place import control in its proper perspective in relation to the other steps that should be taken to assist the home industry. In our view, reorganisation at home holds much greater possibilities than import restriction as a means of opening up the new markets for home produce on which expansion must mainly depend. But it does not by any means follow that measures affecting imports should not also be enlisted to improve the outlook for the home industry. On the contrary, if expansion of egg and poultry production at home is desirable, such measures should be employed to facilitate that expansion.

The view is widely held that, for reasons of social and political importance, it is desirable that more food should be produced at home. The policy of the Government has been to encourage land settlement and to endeavour by measures of assistance both direct

and indirect to increase the agricultural output. From the economic standpoint the rapid expansion of the poultry industry up to 1934 is some evidence that it is already in a better position than many other branches of agriculture to compete on reasonable terms with overseas supplies. This expansion, the relatively low *per capita* consumption in Great Britain and the present tendency towards lighter foods make it not unlikely that, as the industrial population recovers its purchasing power, the demand for eggs will again increase and consumption continue to rise for a considerable time to come. With the added assistance of a reorganised marketing system, that situation should be materially improved. The demand for eggs, unlike that for some other staple foodstuffs, is relatively elastic. Expansion, therefore, can be expected to take place without a proportionate fall in price, and there is little risk of supply outrunning demand so rapidly as to break the market. If food production at home is to be the aim, it may well be argued that the first foodstuffs to be singled out for encouragement should be those which need comparatively little assistance to enable them to meet overseas competition.

Eggs are one of those agricultural commodities of which the production can suitably be fostered in this country for the reason that their value depends upon their freshness. They are perishable, and they tend to deteriorate with transportation. To be at their best they should be consumed within a few days, at most, of laying. For these reasons alone, if home-produced eggs can be marketed expeditiously and efficiently, they are to be preferred even to the best of the imported supply.

There are other reasons too which, though subsidiary to the main considerations, are not without importance. A large number of people, in relation both to the land occupied and to the capital employed, are engaged in the industry. In any development of land settlement, more especially of settlement on small holdings, poultry keeping must have an important part to play.

The limitations to assistance.—We believe that there will be general agreement with our conclusion that provision should be made for the further expansion of the home poultry industry and that expansion must be the logical outcome, over a period, of assistance by means of import control. We shall next consider the factors which should determine the character and extent of this assistance.

Even the maximum efficiency in production and marketing on the part of those engaged in the industry, combined with reasonable assistance on the part of the Government, will hardly enable the price of home-produced eggs to be lowered to the point at which they could replace the cheapest of imported produce. Under a system of organised marketing the "small" and second quality eggs, cheaper than first quality grades, will help to fill the needs of the cheap market. But the home industry, for a long time at

least, will be unable to replace a considerable part of the present imported supply at the same price. Much of this demand would cease to exist except at relatively low prices, and the probable effect of excluding these eggs or of raising their prices would be to curtail consumption. This would involve some hardship to the poorest of the people, among whom egg consumption is already very low.

Difficulties would also arise if expansion were to proceed too fast for the development of new outlets. These new outlets might consist in part of a market created by the further discouragement of imports and in part by the extension of demand. Organisation is essential in either case, and it seems to us, therefore, that any expansion without a reconstruction of the marketing machine could be only temporary. Moreover, if imports are to be reduced in order to make room for further expansion of the home industry, the national interest demands that all reasonable steps shall be taken by producers to put their eggs on the market as efficiently and as cheaply as possible.

Expansion again should not be so rapid as to accentuate the already dangerous situation with regard to the distribution of inferior stock, upon which great emphasis was laid by the two earlier Commissions. Many of the present difficulties of producers, attributed in general to low prices, are at least in part due to losses from debilitated and diseased poultry. If additional production were to be based upon a deteriorating poultry flock, grave injury might be done to the future prospects of the industry.

Finally, consideration must be given to the question of international trade, and particularly to trade with the Dominions and with those foreign countries with which the United Kingdom has close commercial or treaty relations. If, on other grounds and after consideration of all other relevant factors, it is agreed that the expansion of the poultry industry is desirable, it still does not appear to us that the question of international trade, and of the welfare of the export industries, can lightly be passed over. It has often been argued that the prosperity of the British farmer depends upon the prosperity of urban industry, and this is at least as true of the poultry farmer as of any other agricultural producer. A policy which was conceived without regard to its reactions on other industries would not in the long run benefit the producer of eggs and poultry. There should, therefore, be a give-and-take basis for the policy recommended for the poultry industry, as for others, and the ultimate effects of such a policy on all sections of the population must be taken into consideration.

CHAPTER V.—ALTERNATIVE METHODS OF IMPORT POLICY.

During recent years various branches of home agriculture have been assisted in their competition with overseas products by the imposition of import duties or the quantitative regulation of supplies. Further, the wheat producer has been aided out of a fund derived from a levy on flour, and H. M. Government have announced their desire to introduce the principle of an earmarked tariff for meat and bacon. The decision as to the most suitable method for any particular branch of agriculture and the manner and extent of its application must be governed by the aims to be achieved.

(i) Import Duties.

The protection of home industry, including agriculture, from foreign competition by means of import duties became part of the general fiscal policy of the United Kingdom with the passing of the Import Duties Act, 1932.

Where this system can be adapted to the situation, it possesses certain manifest advantages. Administration is simple, especially if the duty is specific, and collection can be undertaken by the existing Customs machinery. Under normal conditions, duties, once imposed, need not be subject to frequent change, but where they are of an experimental character, or during periods of disturbed economic conditions, variations may be necessary, and the advantages of permanence may be lost. Permanence has special advantages for a country with a large export trade, in that other countries concerned can make their arrangements on the basis of the known duties, and trade agreements can incorporate them. These merits, however, have their defects, because duties fixed for long periods are easier to overcome. For this reason, while duties are simple to administer, their precise effects are difficult, if not impossible, to forecast.

Effects of import duties.—Where a duty is imposed upon imported goods as a means of assisting the home producer, its purpose is either to bring about an increase in the price of the home-produced supply or, by reducing imports and thus increasing the demand for the home-produced article, to enable a larger output to be sold without a corresponding fall in price. In theory the duty may affect the price of the home-produced article either by raising the selling price of the imported goods or by reducing the volume of imports. In practice, however, it seems impossible to separate these two effects: a higher price for the imported goods would itself tend to reduce the demand for them and thus to reduce imports. The question whether the principal effect of a duty in any particular case will be to keep out imports or to raise their price will vary from commodity to commodity and will depend normally upon the elasticity of demand for the goods.

In so far as a duty keeps out imports, there may be some consequent rise in the price of the home-produced supply if the former demand for the imported product is transferred to the home product. If this demand is transferred to some different commodity there will be no increase in the price of the home supply. If the home product and the imported product are more or less interchangeable, and if the price difference is not too great, it is almost certain that some transfer of demand will take place; and this additional demand will naturally tend to raise the price of the home product. The extent of the rise in the price of the home supply is, however, affected by the elasticity of demand and is likely to be proportionately small when the demand for the commodity is relatively elastic. Similarly, where the whole or a substantial part of the duty is directly added to the selling price of the imported goods, the home industry may expect to benefit as a result of a transfer of demand from the imported to the home-produced supply, with a consequent rise in the price of the latter.

These, we think, must be the initial consequences of a duty which causes a reduction of the imported supply or a direct increase in the price of the dutiable goods.

An import duty, however, does not necessarily result in higher prices within the protected area, but may be borne by exporters or producers in the exporting countries. The duty may be offset by the depreciation of the currencies of exporting countries or by export bounties, or it may result in the acceptance by traders or producers in those countries of a lower standard of returns. In any case, it is clear that, in so far as a duty is paid by exporting countries and so does not either reduce the volume or raise the price of the imports, it can have no tendency to raise the prices of home produce in the importing country. It can, therefore, afford no assistance to the home industry for whose protection it was intended. There will be some advantage to the national Exchequer, but none to the home industry as such.

In applying these general principles to eggs it must be remembered, first, that home-produced eggs almost invariably fetch a higher price than imported eggs; and, secondly, that home-produced eggs account for nearly 70 per cent. of the total consumption of eggs in shell.

In consequence of the disparity in prices it is not to be expected that a home-produced egg will be consumed in place of every imported egg kept out of the United Kingdom market. If the duties reduce imports, some part of the displaced demand will be transferred to goods other than eggs. The poorest consumers who can afford only to buy foreign eggs when they are at their cheapest will be compelled to reduce their consumption.

The difference between the relative proportions of home and of foreign eggs would also help to modify the effect on home egg prices of any tendency for the prices of foreign eggs to rise. If foreign egg prices rose there would be some loss of total demand for eggs

and some transfer of demand to home-produced eggs. But the transfer of even a considerable proportion of the demand for foreign eggs would mean only a relatively smaller proportional increase in the demand for home eggs, and thus only a small rise in home egg prices. In other words, the tendency for foreign egg prices to rise must be considerable before it is likely to have a noticeable effect on home egg prices.

The probability seems to be that the effect of the present import duties on eggs has been neutralised in some degree in all of the ways previously described. There can hardly be any doubt that the duties have, in large measure, been borne by exporting countries. But if the effects of the duties could be separated from those of the other influences dealt with in Chapter III, we think it reasonably certain that the duties would be found to be partly responsible for the reduction in imports prior to 1935. While it is difficult to show that consumers in this country have paid any part of the duties, since prices have been either steady or falling ever since they were imposed, it is not unlikely that the duties have tended to harden foreign egg prices and so to prevent home egg prices from falling to such low levels as they would otherwise have reached.

Import duties and the objectives.—The next step is to consider how far increased import duties could be used to secure the objectives in view. In the first place it is clear that duties would not provide a source of information which would assist the home marketing Boards in their duty of price determination. That disadvantage could, however, be overcome by making other arrangements for keeping the Boards informed of the import situation.

If the Boards should desire to undertake the storage of eggs in the spring, a policy based on import duties could be constructed which would afford reasonable safeguards against the danger of abnormal imports, though the results would always be subject to a wide margin of error. Because the present duties are specific, their *ad valorem* incidence is higher in the spring, when values are low, than at any other time. The protection against imports is, therefore, already at its maximum in the spring, and it would continue to be so, in still greater degree, if the duties were increased. If even then they were not high enough to discourage imports to the desired extent, it would be possible to impose special seasonal duties as in the case of certain other agricultural products. In this instance the higher seasonal duties might be confined to the three or four months during which storage would normally take place. As an alternative the general policy of import duties might be combined with a measure of quantitative regulation designed to safeguard the situation during those months.

The weakness of the import duty system as a means of controlling the volume of imports of agricultural products, and, as we understand it, one reason for the introduction of the practice of regulating imports quantitatively, is that duties are uncertain in their effects. This uncertainty may arise either from steps taken by other

countries to overcome the effect of the duties or through protective measures adopted in other countries releasing additional produce for export to the United Kingdom.

In spite of the experience of recent disturbed years, however, we think that, more particularly over the long term, there must be a limit to the extent to which artificial methods can advantageously be used to stimulate exports. For example, exporting countries could not afford to depreciate their currencies solely for the sake of maintaining their exports of eggs. If in order to assist a number of export trades, including eggs, to overcome tariff barriers, other countries sufficiently depreciated their currencies as compared with sterling, they could so arrange matters as to secure the same sums, in their own currencies, as they receive to-day. The natural results of currency inflation, however, are to increase the amount of currency needed to pay for imports and to lower its purchasing power at home. Very few countries would be so fortunately placed as was the United Kingdom when the gold standard was abandoned. Not only was this country the principal buyer, but at that time there was a world glut of most primary products, and the rise in sterling prices, consequent upon the depreciation of sterling in terms of gold, was offset by the tendency for values to fall. The situation is hardly likely to be the same in the case of primary producing countries inflating their currencies. Manufactured goods would cost them more and living would become dearer. There must, therefore, be a limit to the use of currency manipulation as a means of surmounting tariffs.

Much the same may be said of export bounties. The raising of the money, whether it be obtained from consumers of eggs at home through higher prices, or from users of other commodities, or from tax-payers in general, constitutes a continuous drain upon the resources of the exporting country. Though the effects may be slow in showing themselves, the long-term tendency must be to create an incentive to change over, as opportunity offers, to some other form of production that can be economically self-supporting.

On the whole we think that currency inflation and export bounties should be regarded as temporary expedients. They are designed rather to hold the position for a time while adjustments of productive activity are made than to afford permanent stability to industries uneconomic in themselves.

There is, however, nothing to show how far producers abroad may be prepared to go in the direction of accepting still lower returns if their only alternative is to give up their export market. It is not improbable that in some countries production would go on so long as returns continued to show some margin beyond the mere cost of feeding stuffs, because production is not always conducted on a strictly commercial basis. Moreover the special measures that we have mentioned might be continued for some time to come and even be intensified. While, therefore, we are of opinion that a

permanent import policy ought not to be framed with sole regard to the circumstances of these abnormal times, we think that, if that policy depended in essence upon import duties, it would be wise to take supplementary precautions to make quite sure that our own home market could not be broken in consequence either of unduly heavy production abroad or of the closing of alternative markets to foreign producers.

Many of these considerations are of equal application in relation to the long-term objective of encouraging the further expansion of the home industry. There is no doubt that, if it were desirable, foreign eggs could be kept out entirely by the imposition of duties that were frankly prohibitive. In theory at least, therefore, it would seem that there must be some intermediate point at which duties could be fixed so as to permit the necessary expansion at home without entirely eliminating imports.

The difficulties to be faced are, however, real and practical. There is nothing of substance to go upon in attempting to decide what level of duties would bring about a reduction of imports to any desired level. The factors that determine the matter—production in a score or more of other countries, the availability of other markets, the returns from them, and so on—are themselves changing from day to day. It is conceivable that a relatively small increase in the duties, coming as "the last straw," might bring about a heavy reduction in imports. On the other hand it is not unlikely that any moderate increase would continue to be borne, in the main, by exporting countries.

Nor is it much easier to form an opinion as to how much of the displaced foreign supply would be filled by home-produced eggs. There is a wide range of prices of foreign eggs, but the supply may be roughly divided into some 60 per cent. of "best" and 40 per cent. of "cheap" eggs. Probably the majority of the excluded "best" eggs would be replaced by home-produced, and most of the "cheap" eggs would not; so that perhaps some two-thirds of the reduction in imports might be made good by home-produced eggs. In any event the measure of the advantage to the home industry would not be so great as the measure of the reduction in imports. Consumption on the part of those people who depend upon the "cheap" supplies would inevitably be reduced. For these reasons the tariff weapon is one that must obviously be handled with care.

We have pointed out earlier that any expansion of the home industry should take place slowly and steadily in order that the disorders arising from too rapid growth, which have been so much in evidence during recent years, may be avoided. It is doubtful, however, whether this kind of expansion could be secured by means of an increase in import duties alone. If the increase had no effect upon the quantity or price of imported eggs it would not make room for any expansion of the home industry. If, on the other hand, the

increase in duties were sufficient to cause some immediate reduction in the volume of imports or some immediate rise in price, these results might still not be lasting, because exporting countries might employ one or other of the expedients that are open to them to mitigate the effects of duties. In any event it seems improbable that the effect of a single increase in duties on either the volume or the price of imported eggs would be gradual and cumulative and so foster a steady and continuous expansion of production at home.

(ii) Quantitative Regulation.

Quantitative regulation for the egg industry might take one of two forms. On the one hand an endeavour might be made to regulate *total supplies*, by reference either to the estimated requirements of the country or to the maintenance of a pre-determined price level; or, on the other, the regulation might extend to *imported supplies* only, without any definite attempt to co-ordinate them, over the short term, with home-produced supplies in order to secure any pre-determined total.

The quantitative regulation of imports is a method of assisting home agriculture that has found wide application during the crisis period following 1929. It has already been applied to bacon, meat, potatoes and processed milks. The nature and degree of control exercised varies with the different products and has been determined by reference to the ends to be attained. If it were decided to make the quantitative regulation of imports the basis of a permanent import policy for eggs and poultry, the details of the plan might be moulded to fit the circumstances of the industry in a similar way.

The quantitative regulation of total supplies would demand, first, a decision as to the total quantity of the particular commodity that was required, and secondly, an estimate of the quantity to be produced at home. The control of total supplies would then be secured by preventing imports from exceeding the difference between those two quantities. We do not think it necessary to go at length into the difficulties of estimating in advance, and on a short-term basis, either total requirements or home production, because from the point of view of attaining our objectives, the regulation of total supplies seems to hold no advantages over the regulation of imports only.

Eggs are not among the most suitable products for quantitative regulation. There are more than 30 countries from which they are exported to the United Kingdom each year. Only a few send regularly and in regular quantities. With most of them the relative importance of the supplies varies from year to year and with most, too, shipments are definitely seasonal. The countries which send eggs throughout the year may vary their monthly quantities considerably from one year to another. Several are of quite minor importance in this trade. Many considerations such as these would

have to be taken into account if quotas had to be allocated on the basis of individual countries. Although these difficulties would be lessened by the imposition of a global quota, it would still be no easy task to ensure equity of treatment.

The principal objections to the quantitative regulation of egg imports are, however, of a somewhat different character. In the first place the home-produced and the imported supply are only interchangeable to a limited extent as regards either quality or price, and this imposes limitations upon the transfer of demand from the one to the other. With certain commodities, such as main crop potatoes for ordinary consumption, the differences between the imported and the home-produced supply are not significant, and the volume of the imported supply has a direct bearing upon the demand for the home-produced supply. With eggs the connection is more remote and it is not impossible that the chief result of a curtailment of imports might be a net loss of demand. Further, the rate of production at home is appreciably affected by climatic conditions and at times is liable to sudden and erratic variations. A system of quantitative regulation of the imported supply based on very short periods and at very short notice would add greatly to the administrative difficulties; but no other system would be capable of adjustment to meet unforeseen short-period changes in the home supply. At the same time the demand for eggs is not static, but extremely mobile. Any attempt to fit the trade within a rigid system of quantitative control would, we think, rob it of one of its most valuable characteristics.

Quantitative regulation and the objectives.—These technical difficulties could, no doubt, be overcome; and if, in spite of any other objections, a system of quantitative regulation were introduced it could readily be made to afford the home marketing Boards the information as to expected imports necessary for price determination. So long as the control had reference to imports only and not to fluctuations in the home supply, the actual allocations could be made to relate to short periods of a week or a fortnight, but could be agreed upon with exporting countries three or six months in advance. Quotas for very short periods might necessitate some alteration of present practice on the part of the trade, but the difficulty should not prove insuperable. If regular weekly or fortnightly allotments were made, most of the near exporting countries would, we think, take steps to supply their shares regularly. With more distant countries shipments might still have to be in larger and more irregular lots, but, if so, arrangements could, no doubt, be made for the cold storage for a week or so, under bond conditions, of the excess imports of any particular period.

The regulation of imports in the spring, when storage is taking place at home, and equally the protection of the home market from

excessive imports, are functions for which the quantitative regulation principle is particularly suited. Any ineffectiveness of the quantitative regulation of egg imports in the past has been due to the voluntary nature of the arrangements. If quotas were imposed by order, whether they were operated through importers in this country or through Governments abroad, it should not be difficult to ensure their enforcement. Whatever import policy is adopted, it may be necessary to retain quantitative regulation as the last line of defence not only of the marketing schemes, but of the home industry itself, in the event of excessive imports threatening to overwhelm the market.

It is a much more difficult matter to decide how far the quantitative regulation of imports might contribute towards the object of expanding production at home. In examining this question it is essential to bear in mind that the restriction of imports, like import duties, can bring about permanently increased production at home *only through its effect upon the prices of home-produced eggs*. We have already stressed the important point that, if the duties are paid by exporting countries, there can be no resulting effect from them on the home industry. If, in the same way, the restriction of imports were only to cause a curtailment of consumption to the extent of the reduction in imports, the home industry would not be benefited in any way. When production is steady at a certain level and expansion is desired, that expansion will take place only through some actual or potential increase in the returns to producers. Higher prices will be secured only through an increase in demand; and, to complete the chain of argument, an increase in demand will result from the reduction of imports only if there is some transfer of demand from the imported to the home-produced supply. The measure of that transfer of demand will determine the measure of the effect on the home industry.

The most convenient method of examining the effects of a reduction in imports is, therefore, to ascertain, first, the effect upon supplies, and then to see what results may be expected in relation to home egg prices. For this purpose it does not matter much what percentage of reduction is taken, because a larger or smaller percentage would give correspondingly larger or smaller results. It is, however, preferable to select a figure large enough to offer reasonable expectation of appreciable results, yet not so large as to be regarded as entirely impracticable. We propose, therefore, to consider the probable effects of a 20 per cent. reduction in foreign imports, coupled with an arrangement whereby the Dominions would undertake not to increase their shipments beyond the current figures.

The initial effect of a reduction in the imports of foreign eggs of the various classes would, of course, be a tendency for the prices of those eggs to rise; but they could not rise much, because any

increase in the price of the imported article would reduce its competitive value in comparison with both home eggs and other alternative foodstuffs.

Such increase as there was in the prices of imported eggs would cause some transfer of demand to home-produced eggs and probably some transfer also to other commodities. A part of the earlier demand for foreign eggs at the lower price would therefore be lost, and we can only take into consideration at the moment the part which was transferred to home-produced eggs. This would increase the total demand for those eggs and thus create a tendency for the prices to rise.

It has been estimated that the total supplies of shell eggs in the United Kingdom in 1934 were made up of some 68 per cent. produced at home, 22 per cent. imported from foreign countries and 10 per cent. imported from the Dominions. A 20 per cent. cut in foreign imports would thus amount to one-fifth of 22 per cent., or some 4 per cent., of the total supplies. If the whole of this displaced demand were transferred to home-produced eggs, it would mean that home production would be able to increase by 6 per cent. in order to meet the new demand; but as some part of the previous demand for cheaper foreign eggs would certainly not be transferred to the more expensive home-produced commodity, the expansion of home production consequent upon the 20 per cent. reduction in imports would be something less, and probably something considerably less, than 6 per cent.

The annual rate of expansion over the years between 1924 and 1930, when there was no protection against imports, in fact averaged more than 6 per cent. But it will be observed that to induce by means of import regulation an annual expansion of something less than that magnitude would involve the compulsory reduction of foreign imports by 20 per cent. in the first year, and their extinction at the end of five years. At the same time, by reason of the successive losses of demand, total consumption would be seriously reduced. It is clear that, bearing in mind the needs of the consumer and the claims of other industries, no Government could be expected to carry the policy of import regulation to such extreme lengths, while a smaller measure of restriction would offer very little to the home industry.

(iii) The Levy-Subsidy Plan.

The payment of a subsidy to a home industry out of the proceeds of a levy upon imports, or alternatively upon commodities manufactured from agricultural products, is another method of assistance adopted or projected lately in this and several other countries. The principle of the system is that the income from the levy is transferred directly or indirectly to the home industry instead of passing into the national Exchequer. Where the levy is on imports there is thus a double effect upon the home industry. In the first place,

the levy acts in exactly the same way as an equivalent import duty ; and, secondly, the proceeds are available to assist the home producer in specific and selected ways, e.g., by supplementing the prices that he receives, by bearing some part of his costs, or by providing services for which he would otherwise need to pay.

The levy-subsidy plan is thus less open than import duties to the objection that its effects can be neutralised by export bounties or exchange manipulation. Even if the whole of the levy were paid by exporting countries, the home producer would still have the benefit of the subsidy fund, so that any country which subsidised its own exports would at the same time be subsidising producers in the United Kingdom. A further feature of the system is that the whole of any advantage from increased prices goes to the producer at home.

It follows that, in order to provide any given amount of preference or assistance to the home producer, the charge on the imported product need not be so heavy as with import duties, nor need the reduction in imports be so large as with quantitative regulation. In consequence there is less possibility of consumption being seriously affected. The method is, therefore, particularly valuable where the circumstances are such that it is inexpedient to depend entirely either upon import duties or upon quantitative regulation.

It is true that the levy-subsidy plan lends itself more obviously to the case where the volume of imports is large compared with the volume of home production, for a small levy will then bring in enough money to pay a relatively large subsidy. This aspect of the levy-subsidy plan is illustrated in the operation of the Wheat Act, 1932, although the levy in that case is on all flour and not only on imports. Under that Act returns to home producers of wheat have been raised to a level practically double that of the average market price of home-grown wheat by means of a comparatively small levy on flour. It is difficult to estimate what degree of import duty or import regulation would have been necessary to secure a comparable increase in wheat prices, but there is no doubt that the cost to the consumer of flour and the interference with the import trade would have been considerably greater than has been the case with the levy-subsidy method.

It does not follow, however, that the plan is inapplicable to the case where home production exceeds imports. Much depends upon the amount of assistance that it is desired to afford to the home industry. With eggs in shell, home production already exceeds imports approximately in the ratio of 7 to 3. The home industry continued to expand until 1934, and any additional assistance should help towards further expansion. At the same time any additional charge upon imports would probably tend to reduce them. On the other hand, the fact that the home industry has continued to expand until last year is itself an indication that a comparatively small amount of additional assistance is all that it requires in its competition with imports.

The rate of assistance that could be afforded to the home industry would depend first upon the sum of money available, and secondly upon the quantity of home production over which it had to be spread. The sum available would, in turn, depend upon the rate of levy and the volume of imports. In theory, therefore, it should be possible under a levy-subsidy plan to fix either (a) the *rate of assistance* (e.g., per hen or per dozen eggs) to the home producer, or (b) the *total amount of assistance* to be given over any period to the home industry as a whole, or (c) the *rate of levy* to be imposed on imports. In practice, however, if the *amount of assistance* to be given to the home industry were fixed, and that amount had to be obtained from a diminishing volume of imports, the rate of levy would be constantly increasing. Each increase in the rate of levy would tend still further to reduce the volume of imports, and so to add again to the levy, until the point was reached at which the levy became prohibitive. Similarly if the *rate of assistance* to the home producer were fixed, and if the volume of home production were expanding, the same position would be reached, but even more quickly. Either of these methods might, in fact, be expected to have the effect of putting an end within a few years to the importation of eggs; but in doing so it would, of course, defeat its own object by rendering impossible the provision of either a regular rate or a regular amount of assistance over any considerable period. If the levy-subsidy plan is adopted as a means of providing appreciable and continuous help to the home industry, the levy must clearly not be so small that the advantage would pass unnoticed; but neither must it be large enough to prohibit imports.

In these circumstances it is almost inevitable that a levy-subsidy plan for eggs should take the form of a fixed *rate of levy*, though that does not mean that it would necessarily be fixed at one level for all time. The amount of the fund would vary with the volume of imports; and the assistance that it would afford to the home industry per unit would vary inversely with the volume of home production. In other words, either a reduction in imports or an increase in home production would tend to lower the rate of assistance to home production, while an increase in imports or a diminution of home production would tend to raise it. With a fixed rate of levy, therefore, the rate of assistance would automatically adjust itself according to the ratio between the volume of home production and the volume of imports, though it would not necessarily be related to the prices paid for home produce.

A levy-subsidy plan for eggs would not necessarily involve the transfer to the home industry of the whole of the proceeds from duties or levies upon imports. It might be designed to supplement the effects of import duties, rather than to replace them. It would be possible, for example, to increase the present duties and, without disturbing any existing sources of Exchequer revenue, to set

aside the proceeds of the increase in duties for the assistance of the home industry.

Another possible course would be to estimate from time to time the requirements of the home market in the way of imported eggs and to provide that the home industry should receive, by way of indemnity, the whole of the duty on imports above the estimated market requirements, but nothing in respect of imports below that level. A variation of this method, which would avoid the somewhat intricate task of making periodic estimates of market requirements, would be to fix a "datum line" for imports by reference to the amount of expansion of production that it was desired to induce at home and to transfer to the home industry the yield from the duties on imports above that line. The datum line might be fixed initially at some point below the current level of imports and be moved each year to successively lower levels so as to encourage a steady expansion at home.

The difficulty about any "compensatory" plan, whether the datum line were fixed arbitrarily or by reference to estimated market requirements, is that variations in the volume of imports above or below the line are not a reliable index of the prosperity of the industry. A decline in purchasing power, for example, might bring about a fall in imports due to low prices and thus cause an automatic reduction of assistance at a time when, in fact, the industry was most in need of it. Moreover, a small change in the total volume of imports would cause a relatively large change in the excess imports, so that there might be considerable variations from year to year in the sum made available to the home industry.

On whatever basis an earmarked fund was secured, it is manifest that the mechanism of its distribution could not follow the lines adopted for wheat and for cattle. The poultry industry is composed of a large number of producers, many of them operating on a small scale, and sales must be made weekly, if not oftener, throughout the year. In these circumstances anything of the nature of deficiency payments to individual producers made from a central source would be impracticable on the ground of expense alone. If, however, a complete packing station system were in existence, there would be little difficulty in combining the payment of a supplementary sum with the payment of the normal price of the eggs to those producers using the packing stations. It might, however, be considered desirable to apply the fund or some part of it for other purposes than directly raising producers' returns.

The main objections to the levy-subsidy method of assistance are, first, one of principle, and secondly that it requires a special administrative organisation with its attendant cost. The objection of principle is directed to the basic idea that any part of the income derived from duties or other taxes should be diverted to the assistance of a particular industry. There are, however, substantial arguments, based on both social and political grounds, to be adduced in

support of the levy-subsidy system in relation to foodstuffs, but as the principle has already been accepted by H.M. Government and announced as part of their agricultural policy, it is unnecessary for us to enlarge upon this aspect of the subject.

The levy-subsidy plan and the objectives.—The imposition of a levy on imported eggs would not necessarily afford information to guide the home Boards in determining prices, nor assistance in regulating importation in the spring. If, however, the levy-subsidy system were adopted in a form which required the setting up of an impartial authority for the administration of the levy fund, it would be a relatively simple matter to provide that this authority should be responsible for collecting and furnishing the Boards with the necessary market information regarding current imports. Since this would itself place the authority in possession of the names of all egg importers and of the quantities imported, information upon which to base the allocation of import licences would be available should seasonal regulation of imports by quantity be adopted in the spring months, or should it at any time become necessary to control the importation of eggs over a longer period.

As regards the encouragement of further expansion of the industry at home, we have already pointed out that the plan would be beneficial in two ways. In so far as the "duty" effect of the levy tended to raise the price of imported eggs, its result would be to cause an actual or a potential rise in home egg prices and, assuming other conditions to be constant, this would lead to some expansion of production at home. At the same time the income from the levy could be spent either in raising the returns to producers directly, or in furthering their interests in other ways. In discussing import duties it has been shown that the precise effects of increased duties cannot be foreseen. In just the same way, and for exactly the same reasons, it is impossible to estimate the effect of the levy in raising the prices or restricting the supply of imported eggs, and thus its influence upon the price of home-produced eggs; but if the income from the levy were wisely used it could hardly fail to improve the position of the home industry.

CHAPTER VI.—LIQUID AND DRIED EGGS.

There is practically no production of liquid or dried eggs on a commercial scale in the United Kingdom. Such small quantities as are produced consist mainly of liquid eggs derived from eggs set aside as "cracked" in the course of the testing and grading process at packing stations. Liquid eggs of this description are suitable only for a purely local trade owing to the danger of rapid deterioration and the variability of the mixture.

There is, however, a considerable consumption of liquid and dried (particularly liquid) eggs which is met mainly by imported supplies. As will be apparent from Table 1 appended, imports of this description increased from the equivalent of 587 million eggs in 1924 to 1,002 million in 1934, the latter figure representing one-eighth of the supplies of all eggs in that year. While these figures are, respectively, the lowest and the highest limits reached over the period, the trend shown in Table I makes it clear that there has been an even greater increase in the consumption of egg products than in that of shell eggs. This is largely, if not wholly, accounted for by the extended use of liquid eggs in the baking and confectionery trades, where they now constitute an important raw material of manufacture. Their increased use in this connection is due to several factors, such as cheapness, reliability in quality, keeping properties and economy in handling during the manufacturing process.

The fact that the demand is met almost entirely by imported supplies would appear to be due to the impossibility of producing the article in this country at a competitive price. While this may be attributable in part to lower manufacturing costs abroad, it is mainly due to the impossibility of obtaining shell eggs for manufacturing purposes in this country at a price which would enable the manufactured product to be sold in competition with the imported article. This is because there is no surplus of eggs produced in this country over and above the quantity which can be sold for ordinary consumption. Until the home-produced supply of eggs is in excess of the requirements of the shell egg market, it is unlikely that it would be remunerative for producers to dispose of eggs for conversion into the liquid or dried product.

At the present time the duty on frozen liquid eggs imported into the United Kingdom is $\frac{1}{2}$ d. per lb., and there is an equivalent duty on other forms of egg product. The duty on imported shell eggs amounts, on the average, to about $1\frac{1}{2}$ d. per lb. There are no published market prices for imported liquid eggs, but it is understood that during 1934 the product could be purchased in bulk at a delivered price of about $5\frac{1}{2}$ d. per lb. (1 lb. being equivalent to about

8 large or 10 small eggs). The value of home-produced shell eggs at town and country markets in England and Wales even during the three months of lowest prices in that year averaged 7s. 10d. per long hundred, which is equivalent to about 7d. or 8d. per lb. for the contents of the eggs. To the later figure there would require to be added the costs of manufacture, containers and transport before arriving at a comparative figure for liquid eggs to be produced in this country. It should also be borne in mind that if manufacture were to be carried out during a few months of the year only, the cost of manufacture would be higher than if there were continuous working throughout the year. In the latter event, however, the cost of the shell eggs for conversion would be greater than the figure previously mentioned.

It is apparent that the disparity between the price of the imported article and that at which the same product could be manufactured in this country is, in fact, so great that any attempt to raise the price of the former to a level at which the latter could compete would require an increase in the import duty, or a reduction in imports, by an amount which it is unlikely any Government would consider practicable.

We are also of opinion that for some time to come any probable increase in production of home-produced eggs could be absorbed in the market for shell eggs at prices more remunerative to producers than those which they could obtain by sales for manufacturing purposes. An increase in the price of egg products which was less than that required to stimulate manufacture in this country would merely serve to increase the cost to the consumer without any corresponding benefit to the home producer.

It is true that with the advent of marketing schemes, the supply of second quality eggs which fail to pass the grade standards will tend to increase, as most of the comparable eggs to-day are probably being sold as a first-quality product. We believe, however, that here again the shell egg market will offer a more remunerative means of disposal than conversion into the manufactured article. We do not think that the Boards should experience any difficulty in disposing of second quality eggs for immediate consumption.

We understand that, during recent years, bakers and confectioners in the smaller towns who formerly used shell eggs—whether fresh or pickled—have been tending either to use the processed product to an increasing extent, or merely to act as merchants of cakes and pastries manufactured by larger firms. It may be argued that an increase in the price of the imported processed article would discourage this tendency and might even result in these smaller bakers and confectioners reverting to the use of shell eggs. We believe that such tendency as there may have been to use egg products is mainly a result of a general alteration in conditions in the baking trade which would hardly be affected by an increase in the price of

those products of any amount which it would be reasonable to contemplate. An increase in the price of the imported product to an extent likely to bring about any reversion to the use of shell eggs might well result in a decrease in the production of the food-stuffs for which they are largely used.

Our main recommendations as to import policy will be designed to give the home-produced supply a preference in the market for shell eggs. It will be desirable to consider extending that preference to cover the manufacturing market only when there seems to be some definite indication that the result will be to benefit the home poultry industry.

CHAPTER VII.—RECOMMENDATIONS AS TO IMPORT POLICY FOR EGGS.

In a preceding Chapter we have discussed a number of methods of import regulation which, either singly or in combination, might lead to certain defined objectives. It will make for simplicity if, in presenting our recommendations, we deal first with the long-term objective, namely, the expansion of the home industry.

(i) Import Duties and Supplementary Assistance.

Our previous examination leads us to believe that the method of quantitative regulation possesses limitations which, in the circumstances of this particular industry, render it an unsuitable means of fostering steady expansion. But even if this method offered better prospects of success, we have reached the conclusion that assistance by means of an import duty, though capable of evasion in times of disturbed international conditions, is to be preferred in principle. The simplicity and flexibility of the import duty system make it more suitable of application to a commodity for which the demand is elastic and capable of expansion and for which there is great difficulty in estimating the requirements of the market.

Existing duties.—The existing duties on foreign eggs in shell are as follows :—

	Per long hundred. s. d.
(a) Not exceeding 14 lbs. in weight per long hundred	1 0
(b) Over 14 lbs. but not exceeding 17 lbs....	1 6
(c) Over 17 lbs.	1 9

These rates of duty were imposed by the Ottawa Agreements Act, 1932, in substitution for the 10 per cent. *ad valorem* duties under the Import Duties Act, 1932. The agreements made on the 20th August, 1932, at the Imperial Economic Conference, which are set out in the First Schedule to the Ottawa Agreements Act, further provided, in effect, that free entry of Dominion eggs into the United Kingdom should be continued for three years certain. Nevertheless H.M. Government in the United Kingdom reserved to themselves the right, after the expiration of the three years, if they considered it necessary in the interests of the United Kingdom producer to do so, to review the basis of preference and, after notifying H.M. Governments in the Dominions, to impose a preferential duty on Dominion eggs whilst maintaining existing preferential margins. Canada, Australia, New Zealand, South Africa, Newfoundland and also Southern Rhodesia were parties to these agreements, but not

the Irish Free State. The period of three years elapsed in August, 1935.

Imports from the Irish Free State are subject to the payment of the duties under the Import Duties Act, 1932, and of additional duties under the Irish Free State (Special Duties) Act, 1932. There are no existing treaty obligations in this case which stand in the way of variations in the rates of duty. The primary object of the Irish Free State Special Duties, however, is to obtain revenue, and the effect on the total receipts from such duties is an important factor in the consideration of any variation in the rates of duty.

The rates of duty on eggs from foreign countries have since been conventionalised in trade agreements. We understand that all these agreements can be brought to an end in their present form by 31st December, 1936. Until that date, however, it would not be possible otherwise than by agreement to increase the rates of duty on all foreign eggs in shell or, therefore, to impose any duty, "whilst maintaining existing preferential margins", on eggs from the Dominions.

The duties on liquid eggs and other egg products are at the following rates:—

	Per lb. d.
(a) Liquid or frozen, including glycerinated (whole, yolk or white)	$\frac{1}{2}$
(b) Dried whole... ..	$2\frac{3}{4}$
(c) Dried yolk	$1\frac{1}{4}$
(d) Dried albumen	$2\frac{1}{2}$

These rates of duty have not been affected either by the Ottawa Agreements Act, 1933, or by any subsequent trade treaties.

Increased duties on eggs in shell.—We are of opinion that a moderate increase in the current rates of duty should form the central feature of a new import policy. We recommend, therefore, that as soon as it is practicable the existing rates of duty on eggs in shell should be increased by 6d. per long hundred (that is, to specific duties ranging from 1s. 6d. to 2s. 3d. per long hundred) and that the *additional* duty should be charged on all eggs in shell, both Dominion and foreign, imported into the United Kingdom. A flat-rate increase of 6d. per long hundred involves a rather larger proportionate increase in the duty on the smallest eggs than on those in either of the two classes of larger eggs. But the duty on eggs weighing not more than 14 lbs. per long hundred would still be lower per lb. than that on the other grades, while the duty on the two classes of eggs weighing more than 14 lbs. per long hundred would be at practically the same average rate per lb.

The proposed small duty on Dominion eggs would afford some protection to the home producer, while reserving to the Dominions the existing preferential margin over foreign produce guaranteed to them under the Ottawa Agreements. The principle that a first preference should be given to home produce and a second preference

to the produce of other parts of the Empire has been accepted not only by the United Kingdom, but also by the Dominions. It should further be remembered that the import duties imposed on eggs by certain of the Dominions extend to the produce of the United Kingdom and are, in fact, too heavy to permit of any possibility of any export trade from the United Kingdom.

It may be thought desirable to make consequential adjustments in the present *ad valorem* duty imposed under the Import Duties Act, 1932, on eggs from the Irish Free State, but that is a matter which is affected by other considerations.

Eggs not in shell.—We are of opinion that the market for home-produced eggs is not appreciably affected at the present time by imports of egg products, so that no measures of import control for egg products are required at present for the special purpose of assisting the operation of marketing schemes or stimulating the expansion of the home industry.

If, however, the market for home-produced "seconds" should in fact become seriously affected by competition from imported egg products, we think that protection should be given to the home product equal to that given in the shell egg market against the competition of imported eggs in shell. We therefore recommend that this aspect of the matter should be kept under review and that, in any case, it should receive special attention when, as we suggest later, our proposals in relation to shell eggs come up for reconsideration.

Supplementary assistance.—In existing circumstances, however, it is doubtful whether the proposed increase in the duties on shell eggs, or any practicable increase, could of itself be relied upon to bring about the desired expansion of the home industry. We have therefore considered an adaptation of the broad principle of the levy-subsidy. If a portion of the yield from the duties were earmarked for the assistance of the home industry, and if the income so accruing were to rise or fall with the volume of imports, there would be less danger of exporting countries over-riding the duties, because the home producer would be compensated to some extent for any increase in imports by an increase in the fund available for his assistance. Moreover the home producer would benefit by an increase, direct or indirect, in his returns derived from the levy fund rather than by an increase in prices to the consumer.

The basis of levy-subsidy proposals for other commodities has been the earmarking for the use of the home industry of the proceeds of a low import duty which would not appreciably restrict imports. But an increase in the existing duties on eggs must add to their present protective effects even when full allowance has been made for the efforts of exporting countries to overcome them. Moreover an important reason for encouraging the expansion of the poultry industry is that its competitive strength in relation to foreign

supplies is such that only a moderate amount of assistance is needed to induce expansion. When practically the whole of the home output is tested and graded before being marketed, that competitive strength should be still further enhanced. In these circumstances it is not necessary or desirable, in our view, to adopt for eggs the precise form of levy-subsidy that has been thought suitable for other products. The aim should be, we think, to supplement the protective effects of an increased tariff and to prevent the defeat of the objective by exporting countries if the latter chose to pay the increased duties themselves. It is important, therefore, that the amount of assistance to be afforded to the industry should be related to the volume of imports. But since assurance and stability are desirable in preparing for further expansion, the amount should not be subject to undue fluctuations.

In seeking to formulate a long-term plan that will fulfil these two requirements we have considered several alternatives. The main difficulty has been that it is impossible to know in advance what will be the effects of the revised scales of duty. We think, therefore, that the only satisfactory course will be to make proposals which should operate for a sufficient period of time to enable the effects of the new duties to be examined and assessed, and should then be subject to review. We propose that during this period a portion of the yield from the import duties should be allocated to the industry for the purpose of stimulating development, though the amount of this sum must, for the present, be arrived at on a more or less arbitrary basis.

We accordingly recommend that for three years as from the imposition of the new duties an annual sum equivalent to 25 per cent. of the total income from the import duties on all eggs, whether foreign or Dominion, and whether in shell or not in shell, should form a fund to be used for the assistance of the home industry. We further recommend that before the end of the third year the position should be reconsidered in the light of the information that will then be available as to the effects of the duties, in order to determine whether any modification is desirable either in the rates of duty or in the percentage of the income from the duties to be allocated to the industry.

It is to be expected that some reduction in the volume of imports will, in fact, follow from the increase in the rates of duty. If imports of eggs from all sources were for this reason to fall to levels 20 per cent. below those of 1934, 25 per cent. of the total income from duties on the scale that we have recommended would provide a sum of about £340,000 per annum. If the reduction in imports were less than 20 per cent., then the amount payable to the industry would somewhat exceed £340,000. If it were more, then the sum would be proportionately less. Any transfer of trade from foreign to Empire countries would reduce the sum to be paid to the industry because of the lower rate of duty.

Administration of the fund.—In other instances where money from national sources of revenue has been earmarked for the assistance of branches of the agricultural industry, the administration of the fund has been placed in the hands of an independent Commission responsible to the Government, and we are of opinion that the same course should be taken in this case. Clearly, if money from public sources is to be allocated to an individual industry, the public has a right to some assurance that it is spent as wisely and economically as possible and is not used to bolster up inefficiency in either production or marketing.

We recommend, therefore, that a small permanent Commission of three persons should be appointed by the Minister of Agriculture and Fisheries, the Secretary of State for Scotland and the Secretary of State for Home Affairs (who are responsible to Parliament for agriculture in England and Wales, Scotland and Northern Ireland, respectively) to administer the fund, and that the expenses of its administration should be the first charge upon the fund. The Commission should be composed of persons having business, financial or administrative experience; and while we offer certain suggestions later as to some of the purposes for which the fund might be used, we consider that the permanent Commission should have full responsibility for deciding, after consultation with the Boards and the corresponding authority in Northern Ireland, how the money should be allocated and expended. The Commission should be required to make an annual report and to submit its accounts annually to the Ministers by whom it is appointed, and the reports and accounts should be published.

It is our view that, in order to exercise these functions effectively and to give the greatest possible aid to the industry, the Commission should be in close and constant touch with the work and problems of the marketing Boards in England and Wales and in Scotland and of the marketing authority in Northern Ireland. Apart from their function of ensuring the wise spending of public money, a body of this kind, fully acquainted with the problems of producers, but standing apart from the actual day-to-day administration of marketing schemes, should be able to keep under review, and to advise the Government upon, the situation in regard to the production, marketing and consumption of eggs and poultry and, in general, to play an important part in furthering the interests of the poultry industry. In addition to the matters connected with import policy with which we are dealing in this Chapter, important questions will arise concerning the co-ordination of policy and of machinery as between the different marketing authorities. While it will be convenient to defer the detailed consideration of this matter until we come to deal generally with the subject of co-ordination, it will be apparent that the independent advice and help of an impartial body could, without trespassing upon the responsibilities of producers' Boards, be invaluable as a means not merely of balancing, but also

of cementing, the interests of the different parts of the United Kingdom.

Uses of the fund.—In discussing the purposes for which the fund might be used, we do not suggest that any proposals which we put forward are to be regarded as binding on the Commission, but it may be helpful to indicate in general terms the nature of the policy which we think it should adopt.

The Commission will, no doubt, have two main objects in view. There is, in the first place, the launching and successful operation of marketing schemes, which might be assisted financially in the early years. Secondly, there are the broader questions, such as research, the improvement of technique, and publicity, which are matters of common interest to poultry keepers in all parts of the United Kingdom and, therefore, properly fall within the province of a body constituted on a United Kingdom basis. We also propose that the Commission shall take an important part in the administration of the proposed import policy, particularly in regard to market intelligence. It will be convenient, however, if the discussion of these points is left to a later section of this Chapter.

It is clearly desirable that organised producers should assume, as soon as they are able to do so, full responsibility for discharging the expenses of marketing and administration. Nevertheless we think it important that some initial financial assistance should be provided to enable the marketing Boards to tide over any difficulties of the interim period.

The following are examples of the immediate purposes for which the fund might be used :—

(a) *Initial expenses.*—During the interim period, and until a packing station system is in operation, marketing Boards will not be in a position to obtain money from producers for the purpose of meeting their administrative expenses, unless a direct levy is collected individually from producers. The earlier Commissions expressed the opinion that such a method of collection would present grave difficulties in an industry consisting of large numbers of small producers. Since the alternative would be to borrow for the purpose of running the scheme during the first eighteen months or two years, we think that, in the special circumstances, a useful purpose would be served if some part of the fund were used to meet the whole or part of the administrative expenses during the interim period.

(b) *Capital commitments.*—Marketing Boards, particularly in the early years of the schemes, may also be obliged to raise considerable sums of money for capital purposes such as the erection of packing stations where co-operative or private enterprise is not forthcoming, loans to packing stations for extensions, and the financing of spring storage. We take the view that

expenses related to matters such as these, which are connected with the commercial operations of marketing, should, under a reorganised system, be borne directly by producers themselves; but if the Commission and its fund were at the back of the Boards, they would be able to obtain, through ordinary commercial channels, much more favourable borrowing terms than would otherwise be available. We suggest, therefore, that the Commission should consider how help of this kind might best be given.

(c) *Table poultry development.*—The two earlier Commissions suggested that, while the organisation of poultry marketing should follow the general lines recommended for eggs, more information and experience was necessary before a detailed plan could be drawn up. It was, therefore, suggested that practical investigation and experiment should be undertaken to determine the most suitable type and size of service station; to examine the possibilities of combining fattening with the subsequent marketing services; and to ascertain the type of bird best suited to meet the requirements of the large consuming centres. We recommend that part of the money available from the fund should be devoted to this purpose and that the Commission should co-operate with the marketing Boards in the planning of table poultry development.

(d) *Research and publicity.*—We recommend that the Commission should give financial support to research into problems of disease, to the dissemination of the results amongst producers and to the extension of the present inadequate veterinary services. It will, of course, be understood that assistance of this kind should be in addition to, and not in substitution for, the financial assistance already accorded from other sources. The Boards will probably wish to initiate investigation into many other problems of production and marketing, and we hope that the Commission will regard any activities of this nature with sympathy.

Well-planned schemes of publicity are likely to be of great importance in assuring the expansion of the industry, and we think that, as soon as organisation makes it possible, a part of the fund should regularly be devoted to this purpose.

(ii) **Facilitation of Administration of the Marketing Schemes.**

We have now to consider how the day-to-day operation of marketing schemes can be assisted: (a) by the provision of market information regarding current imports; (b) by the safeguarding of the spring market should the Boards undertake storage; and (c) by measures to control the situation if, in spite of the steps that we propose should be taken, exceptionally heavy imports should at any time threaten the market.

Market information as to imports.—Under the marketing schemes for England and Wales and for Scotland, the Boards will be able to obtain daily statements showing the quantities of home-produced eggs held in the packing stations. They will also be informed, through their Regional officers and trade advisory committees, of the trend of the market for eggs and for competing commodities. To enable them to form a just appreciation of the situation, it is desirable that they should have comparable information regarding imports of eggs.

It is already the case that persons importing eggs, or any other goods, must present an "entry" of the goods to the Customs authorities before they are allowed to clear them and, if the goods are dutiable, pay the duty. If, in addition, they were to be required as a condition of acceptance of the entry to present a further simple form showing the number of eggs in the shipment, we understand that the Board of Customs and Excise could arrange for this to be checked against the entry and for a summary of the information to be forwarded without delay to such authority as might be appointed to receive it. Legal powers would have to be obtained to enable the Customs to refuse an entry unless it was accompanied by this form.

The suggested procedure is simple. It would not require the registration of importers, nor need it involve any delay. The Commission would issue a book of blank forms to any importer who applied for it. The importer would himself complete the form, which would need only his name and address, the name of the importing ship, the date of entry with the Customs, the quantity of eggs he was importing and the country of consignment. This form would be checked by the Customs entry officer against the entry and the particulars shown on the forms would be tabulated and forwarded daily to the Commission.

A market intelligence service of this kind, designed to give rapid rather than precise information, will admittedly be subject to some margin of error, for we understand that the quantities shown on shipping documents and consequently on Customs entries may sometimes differ a little from those actually shipped. But for the present purpose this is a matter of little importance. All that will be required by the Boards is a substantially true picture of the supply position as it develops from day to day and from week to week, and small inaccuracies in the daily figures will be of little significance.

There will, moreover, be some slight delay between the checking of the forms by the Customs and their receipt by the Commission. But it is probable that approximately the same period of time will elapse, on the average, between the completion of the form by the importer and the receipt of the eggs in his warehouse, so that the figures presented to the Boards will give a sufficiently accurate approximation of the supply position.

We accordingly recommend that, before any imported eggs are permitted to be entered with the Customs, the importer should be required to fill in an approved form showing the quantities of eggs to be imported and the other details referred to above and to hand it to the Customs authorities with the appropriate Customs entry; that under arrangement with the Customs these forms should be checked against the Customs entries by the Customs authorities at the individual ports, and the particulars tabulated and passed to the Commission; and that the Commission should furnish the Boards daily with aggregate figures by countries, charging the cost of this service against the fund to be placed in its hands for the assistance of the industry. We suggest that these aggregate figures should be made available also to any importing houses that desire to have them.

Spring storage.—If the Boards should decide to act upon the suggestion made by the two previous Commissions and to regulate the supplies of home-produced eggs coming on to the spring market by undertaking storage during the early months of the year, some modification of the foregoing proposals will be needed. A measure of seasonal regulation of imported supplies will then be required to correspond with the regulation of supplies of home produce during the months when storage is taking place. It will only be necessary to ensure that the normal relationship of imports as between one period of the year and another is maintained, and that there is no abnormal increase in the spring as a result of the action of the Boards in taking home-produced eggs off the market.

We propose, therefore, that if the Boards should decide upon a storage policy, the volume of imports to be permitted to enter during the period of storage (probably not more than ten or twelve weeks) should be related to the total imports for the previous twelve months in such a way as to maintain the balance between spring and annual imports. If one-quarter of the year's imported supply normally comes in during the spring period, then no more than one-quarter should be allowed to come in during a spring period when storage is taking place. It will, of course, be impossible to know in advance what will be the total of the imports for the year, and for that reason it will be necessary to work upon the total for the previous year. In calculating the proportion we suggest that the average of the three previous years should be taken. To give an example, let it be supposed that in the year 1938 it was decided to store a part of the home-produced supply during March, April and May; that for the three previous years the average quantity arriving during those three months amounted to 27 per cent. of the total annual imports; and that total imports during 1937 amounted to 2,000 million eggs. Then the maximum quantity of eggs that would be permitted to be imported during March, April and May, 1938, would be 27 per cent. of 2,000 million, or 540 million eggs.

This seasonal global quota might be either sub-divided amongst supplying countries or allocated among importers in the United

Kingdom. On the whole we think it would make for simplicity and would be equitable to all concerned if the allotment were made among importers on the basis of the quantities of eggs they had imported during previous years. In allocating supplies between individuals we suggest that the importer, when making application for his quota, should have the choice of basing it either upon his last year's shipments or upon the average of the three previous years, whichever may be the more favourable to him. If he should decide upon the average of three years, however, it would be necessary for him, at the outset of the scheme, to provide certified figures of his earlier importations.

Under this system there would be little if any restriction upon the normal competition for this market between the supplying countries or amongst importers themselves. During the greater part of the year the market would be entirely free. Both supplying countries and importers would be able to increase their actual, as well as their proportionate, share of the market according to their efficiency. Even during that part of the year when quantities were limited, exporting countries would continue to compete amongst themselves for shares in the market. Further, if in response to an improvement in demand the total volume of imports were to increase, the global quota permitted during the spring would increase proportionately. It is true that for the limited period when quantitative regulation was in force new importers would not be able to enter the market, but they would be entirely free to do so for most of the year, during which time they would be able to qualify for a quota during the following spring months.

We understand that it is already the case that the Board of Trade has under the Potato (Import Regulation) Order, 1934, licensed a special organisation to allocate certificates (which are equivalent to the licences which we propose) amongst importers of potatoes, and we suggest that similar authority should be given to the permanent Commission. Arrangements should be made for particulars of the quantities of eggs imported by individual importers to be communicated by the Customs to the permanent Commission periodically, in order that the Commission may be in possession of the data necessary for allocating quotas amongst importers. It will be desirable that the Commission should have authority to deal at their discretion with special cases involving, for example, such matters as individual hardship or the re-allocation of "dead" quotas amongst other importers. It is suggested too, that quotas should be transferable at will between importers, provided that the transaction takes place through the medium of the Commission. The procedure for dealing with exceptional cases should not present any difficulty, and the details might best be left to the Commission itself.

Even in the spring we think it should be possible to avoid the necessity for issuing licences for individual consignments. Each

importer should, on application, simply be notified of the quota allotted to him, with instructions that he would not be allowed to exceed this quota during the period adopted. He would then present his forms to the Customs for checking in exactly the same way as during the remaining part of the year, and use his own discretion as to how he would spread his own quota over the "closed" period.

It may be argued that to permit so much flexibility in a quota system would entail a risk that the market for imported eggs might be glutted at one period and starved at another, because without a close control of imports over short periods they might tend to become concentrated over part of the closed period. We do not, in fact, believe that the risk is serious. The importer's business is dependent upon his maintaining continuity of supplies, and it would be in the individual interest of each to spread his allocation more or less evenly over the period. No one could afford to place himself in the position of being prohibited from importing any further supplies for some weeks. In this matter the wider the discretion allowed to the individual, the more accurately is the balance of the market likely to be maintained.

While we think that short period distribution within the global total might be left to the discretion of importers, it will clearly be necessary to make some provision to prevent the total from being exceeded. Each importer will know in advance his own quota for the period. The Commission will know from day to day how each importer is progressing. A warning notification might perhaps be sent to each as he reached, say, 80 per cent. of his total. If, however, an importer exceeded his quota, either the Commission or the Board of Trade should be empowered to recover from him some form of liquidated damages, the amount of which might be the total value of the excess eggs on the day of entry as shown on the forms presented by him to the Customs authorities. We do not think it likely that this deterrent will need to be used often. While we regret the necessity for the provision of penalties, we believe that the simplicity and lack of interference with the business of importers will make the system preferable to a more rigid form of control which, while it might avoid penalties, would entail applications for, and the granting of, licences for the import of specific quantities.

Protection against excessive imports.—It is possible that excessive imports may, at some time in the future, threaten the market and require the imposition of quantitative regulation for longer periods. The Market Supply Committee, set up under the Agricultural Marketing Act, 1933, is already charged with the duty of reviewing from time to time the market for agricultural commodities, including

eggs, imported into this country. We recommend that that Committee should continue to keep under review the market for eggs, in the light of the information obtained by the permanent Commission and of its own knowledge of the supply situation, and should make such recommendations to H.M. Government as may appear desirable from time to time. If it should become necessary to impose a system of import quotas at short notice, both the information and the administrative machinery needed for rapid action will be available through the Commission.

CHAPTER VIII.—IMPORT POLICY FOR TABLE POULTRY.

(i) General Considerations.

The two earlier Reorganisation Commissions recommended that a marketing scheme for eggs should be brought into operation without delay, and made tentative proposals for the establishment of a system of service stations for poultry on lines similar in principle, though not in detail, to the packing stations proposed for eggs. In any event it will be some years before a marketing scheme for table poultry comes into full operation in this country. Moreover the actual proposals may need to be modified in the course of development. It may eventually become desirable to assist the working of a table poultry scheme by means similar to those suggested for eggs, but the precise steps which may have to be taken cannot yet be foreseen, and it is therefore hardly practicable at this stage to make detailed proposals for the facilitation of a marketing scheme. We have, accordingly, concerned ourselves mainly with the question of how any of the various methods of import control might be used to assist that expansion of the table poultry side of the industry which must, in any case, accompany increased egg production.

In considering the possibilities of expansion, the points of difference between eggs and poultry, and between the various classes of table poultry, must be borne in mind. The term "table poultry" comprises turkeys, geese, ducks and table fowls; and table fowls are again divisible into a number of grades. All kinds of poultry are still regarded as luxuries rather than staple foodstuffs, and consumption per head is very low. The ratio of home-produced to imported supplies is, however, except for turkeys, considerably higher than with eggs. During 1933 and 1934 imported fowls represented only some 14 per cent. and 10 per cent. respectively of the total supply, and imported ducks and geese some 19 per cent. of the total. But about two-thirds of the supplies of turkeys were produced abroad.

The markets for turkeys, geese and, to a lesser degree, for ducks are more seasonal than that for fowls, and during the greater part of the year there is little competition between fowls and the other kinds of poultry. Moreover the production of turkeys, geese and ducks is not ancillary to other forms of production, even when carried out in small units on the general farm or on small holdings. The production of table fowls, on the other hand, is usually closely linked with the production of eggs, and even when carried out as a separate enterprise may be directly influenced by the availability and price of suitable store birds or surplus cockerels derived from the egg-laying or dual purpose flocks.

(ii) Import Policy in Relation to Expanding Production.

Since September, 1933, the importation of foreign dead poultry, except turkeys, has been subject to a specific duty of 3d. per lb. The incidence of this duty varies, of course, according to the value of the product. It averages about 40 per cent. *ad valorem*, but bears more hardly on the cheaper categories of poultry. There can be no doubt that the reduction in the imports of chickens in 1934 was the result of the tariff and of the fact that supplies came mainly from countries still on the gold standard. The duty and the exchange rates have been effective in keeping down imports for the time being, but have not effected a rise in the prices of home-produced poultry, partly because of the limitations attaching to the transfer of demand from imported to home-produced supplies, and partly because the specific duty appears to have borne most heavily upon the small cheap birds which compete least directly with home-produced poultry. During the first nine months of 1935 there has been some recovery in imports.

The duty on imported turkeys remained at 1d. per lb. until May, 1935, and at that level appears to have had but little effect on the volume of imports. The increase of duty to 3d. per lb. is too recent to allow of any estimate of its effects.

Ducks, turkeys, geese and specially-fattened fowls.—In examining the possibility of a further expansion in the production of the various classes of table poultry by measures affecting imports, it will be convenient to deal first with ducks, turkeys, geese and the products of the specialist table fowl producer. Though it is difficult to draw a rigid line of demarcation, the factors affecting these classes of birds differ in important respects from those affecting the bulk of the supply of "country chickens" and the by-products of the egg-laying flocks.

The home production of ducks, turkeys and geese has shown no marked tendency to expand since 1925, and it is difficult to say what have been the limiting factors. A large proportion of the production is undertaken by the women of the farm households, and possibly there may be difficulty in increasing the output; or the specialist nature of the enterprise may make only a limited appeal; or it may be that the seasonality and the speculative nature of the markets have proved discouraging.

Different considerations affect the producers who specialise in the highest quality table fowls. The market in this case is limited not only by the price factor, but by the lack of an adequate supply of suitable store birds and of technical skill. In the long run, however, it may be assumed that the supply of technical skill and suitable stores will be forthcoming if the profits of production offer a sufficient inducement, and in the determination of a long term policy the main consideration must, therefore, be price. The

problem is to secure a price sufficiently remunerative to home producers that will, at the same time, permit of the requisite expansion of consumption.

With high-class table fowls, however, we think it unlikely that further measures of import restriction, whether this were effected by increased duties or by quota, would lead to any considerable expansion of home production. Even if total imports were heavily reduced, the disparity in price between the bulk of the imports and the best of the home-produced supply would prevent the transfer of any large volume of demand from one to the other. It is more likely that, in so far as any transfer took place, it would be from the imported supplies to the cheaper grades of home-produced birds or to other foodstuffs.

There appears to be a stronger case for import control in respect of turkeys, partly because of the proportion borne by the imported to the home-produced supply, and partly because the bulk of the imports is marketed at the same time as the home-produced supply. In so far as the regulation of imports gave a greater sense of security to home producers, there might be some expansion of home production that would not be forthcoming even at higher price levels if the sense of security did not exist.

Even under otherwise favourable conditions the limitations on the transfer of demand from imports to the home-produced supply creates a serious difficulty. As between the imported and home-produced birds there are such differences in price, quality and size, that the ready transfer of demand from one to the other cannot be anticipated. Imported small turkeys meet a demand that, in the absence of these or comparable supplies, would in a large measure cease to exist. Until home producers market birds of sizes and at prices comparable to those of the imported birds, there is a danger that any serious reduction of imports might result in a contraction of total consumption without any corresponding benefit to the home producer.

Country chickens and boiling fowls.—Different problems arise in considering the great bulk of the home-produced supply of table poultry, consisting of the country chickens and boiling fowls produced from dual purpose flocks, as well as the by-products of commercial egg production. Their quality varies from the good roasting chicken, which is produced in appreciable quantities on general farms and small holdings, down to the least saleable of the culls from the egg-laying flocks.

To some extent, no doubt, an expansion of the production of these classes of fowls will be dependent on price, for some of the cockerels will not be raised to maturity if returns are too low. Again, an increase in egg production must itself be in part dependent on the value of the by-product. In the main, however, expansion will be directly related to the growth of the egg-laying flocks, and an increase in egg production will of itself induce a corresponding,

though perhaps a relatively smaller, increase in the production of fowls for the table.

The imported produce with which these fowls are in competition represents but a small proportion of the total. As regards a large part of the imported supply, not only are prices lower per lb., but the birds are smaller and the total cost per bird, an important consideration from the point of view of many consumers, is less. Further, the main part of the supply arrives during the months when home-produced supplies are scarce. In such circumstances the limitations upon the transfer of demand to the home-produced article must be severe, and it is difficult to see how a policy which succeeded in reducing imports, or even in raising the prices of imported supplies a little, could give any significant aid to expansion.

Since only 10 per cent. of the supply of table fowls is imported, any attempt to extend the present low consumption in this country must, we think, be based upon improved production and marketing and upon the removal of table poultry from the class of luxury foods. There is ample room for improvement in the methods of production, and so in the quality of supplies. In our view the best prospects of increasing producers' returns, and so expanding production, lies in this improvement in quality and in the presentation of the supply on the market, so that differences in price may reflect the differences in quality standards.

(iii) Conclusions.

It is hardly practicable to make recommendations now for facilitating the day-to-day working of marketing schemes for poultry which have only been sketched in outline so far, and which may undergo substantial alteration before coming into operation at some time in the future. We suggest that this subject should be considered further when our proposals regarding an import policy for eggs come up for review.

On the question of assisting, in a broader sense, the operation of schemes, we are of opinion that some expansion of the table-poultry industry will be the natural result of expanding egg production, and we have already recommended that funds should be set aside to assist in table poultry development. We are of the opinion that the most valuable permanent contribution to be made to the table poultry industry at the present stage is to be found in the improvement in the quality of the produce and in its marketing. In so far as further expansion of poultry production of all kinds is dependent upon price-levels, we doubt whether any practicable measures of import control, or whether any addition to the existing import duties, would help. In these circumstances we are not prepared to recommend that the present substantial margin of preference afforded to the home industry by an import duty of 3d. per lb. should be increased.

CHAPTER IX.—CO-ORDINATION PROBLEMS.

(i) The Background.

The two earlier Reorganisation Commissions for Eggs and Poultry prepared, in accordance with their terms of reference, separate marketing schemes for England and Wales and for Scotland which, though containing some minor points of difference, were alike in their main features. The Scottish Commission referred in their Report (page 9) to the unanimity of the evidence submitted to them in favour of a separate scheme for Scotland and summarised the principal arguments adduced in support. No strong views were expressed in the evidence given to the English Commission on the question whether there should be separate schemes or a single scheme for Great Britain; and as H.M. Government had already stated that it was their intention to set up a further Commission to consider, *inter alia*, the question of co-operation between marketing boards, the Report of the English Commission made no specific reference to this subject.

So far as England and Wales and Scotland are concerned, therefore, the background of our examination of the question of co-ordination is that separate schemes have been projected for each of those two parts of the country. The position in Northern Ireland is that for the past ten years the organisation of the trade has been proceeding on lines laid down by the legislature of Northern Ireland to meet the specific needs of the industry there. For many years Northern Ireland has produced a surplus of eggs and poultry beyond its own requirements, and this surplus has normally been shipped to Great Britain. When the question of the improved organisation of egg and poultry marketing came to be approached by the Northern Ireland Government, more than ten years ago, it was found that there already existed an organised body of private traders engaged in the collection and assembly of eggs prior to their sale on the urban markets of Northern Ireland or their shipment to Great Britain. The Northern Ireland code of egg legislation provides for the licensing of all wholesale dealers in eggs and for the issue of two classes of licence. A "class A licence" entitles the holder to purchase eggs and to resell them only after they have been tested, graded and packed in accordance with the prescribed regulations. A "class B licence" entitles the holder to purchase eggs, but he must dispose of them within a period of three days to such wholesale dealers only as have facilities for testing, grading and packing. Many of the class A licence holders are engaged in a purely local trade in Northern Ireland and only occasionally in the shipping trade, of which the bulk is handled by a few firms. In 1934 some 75 per cent. of the eggs shipped from Northern Ireland was handled by 32 merchants.

The Northern Ireland legislation requires all sales of eggs otherwise than by retail to be made on the basis of weight or grade. In addition it is an offence to sell eggs which are dirty or stale. A system of identification is in operation under which all eggs sold by producers can be traced to the stage at which they are tested. On the basis of the results of testing, educational officers of the Ministry visit producers and give instruction in regard to methods of production and marketing.

The form of organisation adopted in Northern Ireland has met with a remarkable degree of success in raising the status of Northern Ireland eggs in the Great Britain market. It may be expected that the special circumstances of the trade with Great Britain will continue to influence organisation in Northern Ireland in the future and to distinguish the marketing problems of that part of the United Kingdom from those of England and Wales and of Scotland.

The need for collaboration between the marketing organisations for home-produced eggs and poultry within the United Kingdom arises from the fact that, in spite of local differences, England and Wales, Scotland and Northern Ireland constitute one single market for these commodities. The produce of the three parts of the United Kingdom together makes up the home-produced supply, which is distinguished from the imported supply (whether Empire or foreign) by the absence of compulsory marks of origin on the eggs themselves. While it is possible for consumers to distinguish home-produced from imported eggs by means of these marks, it is not at present possible for them to identify eggs produced in England and Wales, or Scotland or Northern Ireland. Another important feature of the United Kingdom market is that it forms one Customs area within which commodities may be moved without restraint of any kind except that imposed by the expense and the physical difficulties of transport. Not only does this mean that the produce of one part of the United Kingdom is always open to the competition of the produce of the other parts, but also that imports, once admitted, are able to move freely within the whole country, so that their competition is common to all parts of it. From the standpoint of quality and price the markets of the three countries do not differ materially when allowance has been made for distance from the main consuming centres.

There is a considerable movement of home-produced supplies of eggs and poultry between the three parts of the United Kingdom. In particular eggs and poultry from Northern Ireland enjoy a substantial and regular trade both with England and Wales and with Scotland. In this respect, Northern Ireland occupies much the same position as a typical exporting English region. There are also relatively small and local movements of eggs, and a larger and more regular trade in poultry, between Scotland and England. The volume and the direction of this trade between England and Scotland depend mainly upon the comparative attractiveness of the different markets. The trade might be expected to increase if,

after taking into account transport costs and market risks, one market were to become definitely or regularly more attractive than another. The present volume may not indicate the true possibilities of the trade under more highly organised systems of distribution if the incentive of appreciable price differences existed. It is most probable that the standardisation of the supply and its concentration at packing stations would tend to increase the fluidity of the trade and would facilitate, rather than obstruct, the movement of supplies from one part of the United Kingdom to another in response to market conditions.

If, therefore, marketing Boards are set up in England and Wales and in Scotland, while Northern Ireland continues to be responsible for its own affairs, each of the three marketing authorities will be concerned with a part only of the total supply of home-produced eggs and poultry which will be subject to the direct competition, actual or potential, of the remainder. Before proceeding to consider the general question of co-ordination, it will be desirable to examine the implications of this situation in relation to the reorganisation plans now before the industry.

(ii) Some Aspects of Co-ordination.

The specific problems to be considered fall under three heads: those related to the general policies of the individual marketing authorities; those related to their day-to-day business operations; and those that might arise from differences in the provisions of the different schemes. Co-ordination of policy is certainly not less important than collaboration in practice; indeed agreement on principles might be expected to reduce the need for negotiation and adjustment at later stages. There must, however, be a close association between the formulation of policy in regard to any particular matter and the subsequent business operation of putting that policy into effect. We propose, therefore, in setting out certain considerations of major importance, to merge policy and practice together.

Price control.—Both the English and the Scottish Commissions recommended that the power to determine minimum prices* should be included in the schemes and exercised by the respective Boards; and both made it clear that it was their intention that prices should be prescribed on a supply and demand basis. In Northern Ireland, as in England and Scotland at present, egg prices are determined by current market conditions; there is no unified control; and the situation in this respect will not necessarily be altered if marketing schemes are brought into operation in England and Scotland.

There is a sufficient freedom of movement of supplies of home-produced eggs and poultry within the United Kingdom to prevent

* i.e. The "prescribed delivered prices" described in the Reports of the earlier Commissions.

any considerable differences between the price levels in its constituent parts except those due to differences in quality or to transport costs. The prices of eggs in comparable markets in England and Scotland, for example, seldom vary by any appreciable amount for any length of time, and Northern Ireland eggs sold in Great Britain have to compete with other home-produced eggs. Neither the English nor the Scottish recommendations included provisions for the control of distribution after the first point of sale. If these recommendations are implemented, a wholesaler in Carlisle, for example, might buy from an English packing station and sell to retailers in Glasgow if prices made it worth while. Any appreciable price margin, other than that which was justified by quality or the cost of transport, would lead to an increase in the demand for eggs where they were cheap in order that they might be re-sold in the dear area; this process would continue until the changed strength of demand in the two areas had brought about approximate equality of price. The same factors govern the sales of home-produced poultry in so far as the different parts of the United Kingdom are concerned.

It is clear, therefore, that neither of the Boards in Great Britain would be able to maintain for long price levels that were appreciably different from those in other parts of the United Kingdom. In order to secure as much stability as possible it will be essential for them to pay full regard not only to the supply-demand position within their own area, but to the conditions throughout Great Britain and in Northern Ireland.

It may not be practicable, particularly in the early stages, for the three marketing authorities to maintain one price for comparable grades, but the co-ordination of price policy and the assessment of prices at levels which, though different, all take into account conditions in alternative markets, are clearly to their common interest.

Wholesale rebates.—The determination of the scale of rebates to be allowed by packing stations to purchasers of large quantities is a matter that must necessarily be considered in conjunction with prices. If the prices prescribed were uniform, or even if they were determined in relation to one another, any difference between the scales of rebates would disturb the balance.

Grading.—The English and Scottish draft schemes both provide for a comprehensive system of grading, and a Government-controlled system of grading for all eggs shipped to Great Britain has been in operation in Northern Ireland for several years. The Scottish scheme, unlike the English scheme, proposes to extend the principle of grading to supplies sold by producer-retailers, but differences of this kind, which affect only purely local sales, are not likely to lead to any serious difficulties.

There is, however, a difference between the recommendations of the earlier Commissions in the matter of the weight grade standards. The English Commission proposed a system of individual egg weights, but the Scottish Commission proposed an over-all

weight per long hundred, with a minimum weight for any twelve eggs. Until recently the system of a weight per long hundred was used in Northern Ireland, but an experiment is now being made with individual egg weights. We do not wish to advocate either of these systems as against the other, nor to urge that any particular weight grades should be adopted. The main purpose of grading is to facilitate the movement of eggs through the distributive channels, and consequently uniformity of grades and grading is, in our view, a more important matter than the details of the standards themselves, provided that commercial requirements are met. A single grading system, with uniform grades and grade names, is needed in the interests of orderly trading and in order to avoid confusion in the mind of the consumer. Moreover, uniformity would be of great assistance in price-fixing. With variations between the grades in different parts of the country, minor differences in price might tend to become usual; and even if some difference in price levels in England, Scotland and Northern Ireland has to be contemplated, grade variations would necessarily add to the difficulties of the price-fixing authorities in maintaining a proper relationship between prices.

If in the future the marketing of table poultry were to be organised on lines parallel to that of eggs, uniformity of grades and of methods of grading would be of equal importance. Even under present conditions a general agreement on grade names and methods of grading would greatly facilitate marketing.

Spring storage.—Co-operation between the different parts of the United Kingdom would clearly be necessary in the storage of eggs in the spring for sale in the autumn. If, to take an extreme example, eggs were to be stored in Scotland in order to maintain prices, but no storage were undertaken in England, the immediate result might well be an influx of eggs from England into Scotland, with the result that at least some part of the anticipated advantage would be lost to Scotland. So far as spring storage is concerned, additional supplies of eggs from other parts of the United Kingdom would be as great a menace as additional imports. If spring storage is to be undertaken at all, the programme of any one part of the United Kingdom should not be liable to be upset by additional supplies from other parts.

Poultry development, research, publicity, etc.—It is clearly desirable that there should be close collaboration between the Boards in formulating programmes of development work for the marketing of table poultry. In planning experiments unnecessary duplication would thus be avoided, and in building upon the results each Board, including the responsible authority in Northern Ireland, would profit by the information and experience of the others. It would be a further advantage if various steps in development could be taken by agreement, so as to secure as far as possible

that the new methods of marketing were brought into operation at about the same time.

Similar considerations apply to such matters as research, publicity and allied activities. Many of the problems that await investigation are common to the whole country; and to some extent at least, the improvement of production and handling and the promotion of increased consumption might be planned upon a United Kingdom basis. In each case it is probable that a co-ordinated programme would produce the best results for a given expenditure of time and money.

In the early days of the schemes there will undoubtedly be a number of other matters, such as the conditions of licensing of packing stations, the financing of packing stations and the development of regional machinery, upon which consultation between the Boards would be of advantage even if, for their own reasons, they did not ultimately decide to work along identical lines.

Differences in the provisions of the draft schemes.—In the main, the differences that exist between the schemes prepared by the English and the Scottish Commissions were expressly intended to meet differences in the marketing conditions in those two parts of the country. Most of them are of merely local consequence and are unlikely to interfere with the smooth working of the schemes.

The only point of difference that may, we think, be of some immediate importance lies in the provisions relating to the sale of hatching eggs. In both draft schemes sales of hatching eggs are exempted from the marketing regulations, but in the Scottish scheme the exemption is contingent upon the eggs being appropriately marked, whereas the English scheme leaves the question of marking to the determination of the Board. Unless the English Board otherwise determined, it would be legal for producers in England and Wales to sell unmarked hatching eggs, which might subsequently be distributed in any part of the United Kingdom. In these circumstances, it might be difficult for the Scottish Board to enforce their requirement regarding marking. It is desirable that the practice should be the same throughout Great Britain, and uniformity should be secured by agreement between the Boards.

(iii) The Possibility of Amalgamating the Schemes.

It is, of course, perfectly clear that the constitutional unity of England and Wales, Scotland and Northern Ireland makes it impossible even to consider the separation of the markets of the three parts of the United Kingdom and, in effect, the erection of economic barriers between them. It is almost equally impossible to envisage three marketing authorities acting entirely independently of one another, and reaching their decisions on questions of policy and administration without regard to the circumstances and interests of the others. The practical question is how best to reconcile the claims of

autonomy on the one hand, and the need for collaboration on the other.

The difficulties of divided responsibility would be removed if one marketing authority were established to exercise control over the whole of the home-produced supply. Price determination would then take place on a United Kingdom basis, and there would be one body responsible for decisions on all such matters as grades, spring storage, development plans and the rest. The advantages of unified control in these matters are apparent, but there are several serious obstacles to such a proposal. In the first place, Northern Ireland has approached the general question of agricultural marketing along different lines from those laid down in the legislation applicable to Great Britain. The special circumstances of agriculture in Northern Ireland are, no doubt, responsible for this divergence, and it is obvious that many factors, other than the conditions of egg and poultry marketing, would need to be taken into account before any proposal could be made which might affect the progress of organisation in Northern Ireland on the lines that its Government has defined.

This particular difficulty does not arise in considering the amalgamation of the English and Scottish schemes. Existing legislation provides for marketing schemes covering Great Britain, and there are already precedents. Unlike Northern Ireland, neither England and Wales nor Scotland is a surplus-producing area, and the differences between them being differences of degree rather than of kind, the case for amalgamation on a Great Britain basis is stronger than that for a unified scheme for the whole of the United Kingdom.

The objections that present themselves in this case are of a somewhat different character. Emphasis was laid by both of the earlier Commissions upon the importance of maintaining close contact between the individual producer and the Board. This consideration may have great weight more particularly during the early days of the schemes, for their success will depend in a large measure upon local interest and local organisation. Individual producers must be able to feel that their own personal difficulties are receiving proper attention. The advantages of local administration were stressed in the Reports of both Commissions, and the differences in local needs are recognised in the minor variations between the two schemes. Each has been designed to fit the circumstances of that part of the country for which it was prepared, and it would be impossible to give up these differences without sacrificing elasticity. We have reason to believe that, in some parts of the country at least, considerations such as these far outweigh, in the minds of producers, any economies of administration that might follow from the centralisation of organisation in Great Britain. Moreover, the proposals of the two earlier Commissions have already been considered by producers on the basis of separate schemes for

England and Wales and for Scotland, and further discussion and adjustment, with their attendant delay, would be necessary before a Great Britain scheme could be promoted.

These are the arguments for decentralisation. The argument for amalgamation, either on a United Kingdom or a Great Britain basis, is that unity of control and management would avoid the difficulties that might arise out of differences of policy and of practice in relation to price determination, grading, spring storage and other matters. While amalgamation would offer certain definite advantages, we believe that it should be possible to secure a sufficient measure of uniformity, where uniformity is of importance, and still to preserve the advantages of local autonomy. We have therefore come to the conclusion that it would be inadvisable to recommend a single scheme on either a United Kingdom or a Great Britain basis.

(iv) A Permanent Co-ordinating Committee.

It will, however, be essential that the co-operation between the responsible authorities in England and Wales, Scotland and Northern Ireland respectively should be close and continuous. That co-operation can best be secured, in our opinion, by the establishment of a co-ordinating committee which should be in constant touch with all the marketing authorities and fully acquainted with their individual as well as their joint problems.

We accordingly recommend that a permanent Co-ordinating Committee should be established, consisting of representatives of the English and Scottish Boards and the Northern Ireland authority, together with the three members of the permanent Commission, who would form an independent and impartial element. It is desirable, in principle, that the numbers of representatives of the three authorities should bear some relationship to the size of the industry in the three parts of the United Kingdom, though a strict apportionment of seats on this basis would hardly be practicable, since it would mean that the representatives of England and Wales would at all times be able to outvote the remainder of the Committee. We recommend, therefore, that the constitution should provide for five representatives of the English Board, two representatives of the Scottish Board, two Northern Ireland representatives, and the three members of the permanent Commission, the chairman of which should be the chairman of the Co-ordinating Committee. We further recommend that the expenses of the members, together with the general expenses of the Committee, should be met out of the fund in the hands of the permanent Commission.

Possibility of delegation of powers.—We have considered whether, in order to ensure uniformity of action in cases where divergence would militate against efficiency, provision should be made for the

actual delegation to the Co-ordinating Committee of certain functions of the Boards. We are advised that, under existing legislation, the Boards have no power so to delegate their functions. If, therefore, this course were to be adopted it would involve not only specific provision in the schemes themselves, but also an amendment to the legislation under which they must be framed. The objections to such an amendment involve, however, important principles. In the first place the producers by voting in favour of a scheme give certain powers to the Board, and the Board are responsible to their constituents for the exercise of those powers. The Co-ordinating Committee would have no such direct responsibility to producers. Secondly, if any powers were to be delegated by Boards to a joint Committee, it would seem to be almost essential that among them should be the power to prescribe prices. That power, however, must necessarily carry with it the responsibility for disposing of supplies, and there would clearly be grave objection to the exercise of price-fixing powers by any body that was not also responsible for ensuring that all available supplies could be disposed of at those prices. It would, for example, not be reasonable to provide for the Co-ordinating Committee to determine the prices at which Northern Ireland eggs were to be sold, unless that Committee were prepared to take over the whole of the available output of Northern Ireland eggs. If the Co-ordinating Committee had to accept responsibility for disposing of supplies, they would also have to be in a position to exercise whatever powers were necessary over producers and over packing stations. In effect, therefore, the Committee would have to undertake all the principal powers and duties of the Boards themselves. It is difficult to see how the power to fix prices could be put into the hands of a joint Committee without making that Committee the equivalent of a marketing Board for the United Kingdom. For these reasons it seems to be clear that the Co-ordinating Committee should be of an advisory character and should not itself exercise executive powers.

Prices.—Under the price policy envisaged by the two earlier Commissions the prices prescribed by the English and Scottish Boards must be prices which will enable the visible supplies of eggs under the control of the Boards to be cleared. For this reason it must be possible to change the prices, if necessary, from day to day, and formal reference to a Co-ordinating Committee would be impossible. It appears, therefore, that these particular powers should be operated by the individual Boards in Great Britain, though there should be the fullest possible consultation between the Boards in Great Britain and the Northern Ireland authority.

The position of Northern Ireland in regard to price control will, however, be different from the position of the Boards in Great Britain. There is in Northern Ireland at present no machinery for the exercise of price-fixing powers. It is true that under the Agricultural Marketing (Northern Ireland) Act, 1933, it is possible

for the Ministry of Agriculture for Northern Ireland to frame an agricultural marketing scheme for eggs at any time, and that the Board established to administer such a scheme could be given powers to determine prices similar to those recommended for the Boards in Great Britain. But in view of the very different conditions in Northern Ireland, it does not necessarily follow that the control of egg prices, if that course were adopted, would be precisely along the lines recommended for Great Britain. Moreover, a marketing Board established in Northern Ireland and having the power to control prices could only exercise that power in respect of sales which took place within Northern Ireland.

The establishment of an egg marketing Board in Northern Ireland would, however, have the effect of enabling the Boards in Great Britain to co-operate with the Board in Northern Ireland in disposing of Northern Ireland eggs in the manner provided for in Section 6 of the Agricultural Marketing (No. 2) Act, 1933, and paragraphs 105 and 88 (2) respectively of the draft schemes prepared by the English and Scottish Commissions. An arrangement along these lines would, in our opinion, ensure that the price movements of Northern Ireland, English and Scottish eggs did not vary too widely or in such a way as to undermine the prices prescribed by the Boards in Great Britain. If the Boards in Great Britain were able to assist the Northern Ireland authority and also each other in disposing at the current prices of any local surplus of eggs, the inducement to reduce those prices would be removed. Northern Ireland is the only one of the three parts of the United Kingdom that regularly produces a surplus, and consequently an arrangement of this kind would be of importance mainly in the case of Northern Ireland eggs, though it might also be of some service as between England and Scotland. The general effect of such an arrangement would be to delay the need for a reduction in prices in any part of the country where supplies were, for the time being, in excess of demand. It would thus be to the advantage of producers in all three parts of the United Kingdom in that it would tend to prevent the possibility of a general reduction of prices consequent upon a local surplus.

Under this arrangement the Boards in England and Wales and in Scotland and the Northern Ireland authority would each be responsible for determining the prices at which their eggs were to be sold. Close and regular contact should, however, be maintained between the three bodies in order to ensure, first, that alterations in prices were made only after full consideration of the market situation in all parts of the United Kingdom; and, secondly, that no alteration were made if the other Boards were able to find markets for supplies at the current price and so to help in maintaining that price. To take a concrete instance, let us suppose that Northern Ireland eggs were selling at 14s. per long hundred but that supplies were increasing more rapidly in Northern Ireland than in other

parts of the United Kingdom, so that it was becoming difficult to clear them all at that price. The Northern Ireland authority would then ascertain whether the Boards in Great Britain could find outlets for Northern Ireland eggs at 14s. per long hundred, less an agreed commission. If they were able to do so the price would be maintained; otherwise it would obviously be necessary for the Northern Ireland authority to reduce the price in order to clear supplies. The effect of this arrangement would be to pool the marketing facilities of the different parts of the United Kingdom, while leaving the final responsibility for prices in the hands of the individual marketing authorities.

It is clear that only after the Boards have been established will it be possible to ascertain whether this plan will commend itself to them. Moreover, until the Ministry of Agriculture for Northern Ireland has learned the attitude of the Boards, it will not be in a position to decide whether it would be desirable to frame a marketing scheme, since this would, of course, involve at least some modification of the egg marketing system of Northern Ireland. We recommend, therefore, that this question should receive the early attention of the Co-ordinating Committee, with the object of ensuring that a satisfactory arrangement is reached.

If, however, it is impossible to reach agreement on the lines suggested, we do not think that the two Boards in Great Britain would be faced with any insurmountable difficulty should Northern Ireland eggs continue to be sold, as at present, in free competition with English and Scottish eggs.

Grading, spring storage and other matters.—As regards grading questions and the storage of eggs in the spring, we think it will be most undesirable that the Boards should take independent action on these matters until agreement has been reached in the Co-ordinating Committee. For the reasons that have already been set out at some length, uniformity of grading systems and of grades is extremely desirable. It may not be so important that there should be complete uniformity in the matter of storage policy, but it is clear that the three authorities could not work satisfactorily independently of one another. We suggest that a storage policy should not be implemented except by agreement between the English and Scottish Boards and Northern Ireland. As far as Northern Ireland is concerned, this agreement might take the form of participating in a joint programme of storage or of the regulation of the shipments of Northern Ireland eggs during the storage period.

Because of the importance of the questions of spring storage and grades, we recommend that the draft schemes prepared by the English and Scottish Commissions should be amended to provide that the powers of the Boards in relation to these matters should

be exercised only after consultation with the Co-ordinating Committee. It will, of course, be open to the Boards to agree between themselves that any other powers should similarly be exercised only after the Co-ordinating Committee have been consulted. We think that, in practice, experience will show the value of the Co-ordinating Committee in assisting in the formulation of policy and the unification of administration, and that each of the Boards will come to use it more and more without further formal requirement of consultation.

CHAPTER X.—SUMMARY OF RECOMMENDATIONS.

For convenience of reference we set out here in concise form our principal recommendations, without attempting to summarise the arguments that support them. The pages of the Report on which the subjects are discussed are shown in each instance.

(i) Import Policy.

Our recommendations in respect of import policy are intended to assist the industry in carrying out a long-term programme of development as well as to meet the immediate day-to-day problems of the proposed marketing schemes.

Import duties.—We recommend (page 49) that as soon as possible the existing import duties on *eggs in shell* from foreign countries should be increased by 6d. per long hundred, and that a duty of 6d. per long hundred should be imposed on all eggs in shell imported from Empire countries at present on the free list. The duties on eggs from the Irish Free State may need to be adjusted accordingly (page 50).

We do not make any immediate recommendation for alteration of the duties on *eggs not in shell*. We suggest (page 50), however, that if the market for home-produced "seconds" should become seriously affected by the competition of imported egg products, home eggs should receive the same measure of preference in the manufacturing market as we now propose for them in the shell egg market.

As regards *table poultry*, we are of the opinion that the present specific duty of 3d. per lb. affords a substantial margin of preference to the home producer, and we recommend (page 68) no immediate change in the amount of that duty.

Supplementary assistance.—We propose that a part of the yield from the duties, as revised, should form a fund to be used for the further development of the industry. We recommend (page 51) that 25 per cent. of the total income from all duties on imports of eggs and egg products should be earmarked for this fund. We estimate, after allowing for a reduction of 20 per cent. in imports, that the annual income of the fund will be approximately £340,000, although the exact amount will depend upon the volume of imports.

We recommend (page 51) that before the end of the third year of the operation of this part of our proposals the position should be reviewed in order to determine whether any change is desirable either in the rates of import duty or in the percentage of the total yield from the duties allocated to the industry.

Information in respect of imports.—We recommend (page 56) the enactment of legislation to require that any person importing eggs

in shell into the United Kingdom should furnish to the Customs authorities at the time of importation such particulars relating to the importation of the eggs as may be required, and that the Customs, after checking these particulars with the "entry" and tabulating the information, should transmit daily totals, by countries, to the body appointed to receive them. This body, whose constitution is described later, should be responsible for transmitting these totals to the marketing Boards in Great Britain and the corresponding authority in Northern Ireland to assist them in connection with the determination of prices.

We recommend (page 56) that the storage of eggs by the marketing Boards in Great Britain and the appropriate authority in Northern Ireland should be safeguarded against a disproportionate increase of imports during the period of storage. We accordingly propose a formula by which the maximum quantity of eggs allowed to be imported during any period of storage would be determined.

The control of the permitted imports should be secured by the issue of import permits to those importers in the United Kingdom who apply for them. The total permitted imports should be allocated among the importers in proportion to the volume of their business during the previous year or the past three years, as they may individually choose. Import permits should be transferable from one importer to another through the appropriate authority.

Protection against excessive imports.—We recommend (page 59) that the Market Supply Committee should continue to keep under review the market for eggs and poultry, and to make such recommendations to H.M. Government as may appear desirable from time to time.

A permanent Commission.—We recommend (page 52) the establishment of a permanent Commission for the purpose of implementing certain of our proposals in respect of import policy. The Commission should be composed of three independent persons having business, financial or administrative experience, nominated jointly by the Ministers responsible for agriculture in England and Wales, Scotland and Northern Ireland respectively.

Duties of the permanent Commission.—We recommend (page 52) that the Commission should have full responsibility for deciding, after consultation with the marketing Boards and the corresponding body in Northern Ireland, how the fund derived from the import duties should be administered and for what purposes it should be spent.

We recommend (page 56) that the Commission should be the body responsible for the collection and the dissemination to the marketing Boards of the daily information regarding the imports of eggs in shell, and for the seasonal regulation of imports of eggs in shell.

The Commission should keep under review the position in regard to the production, marketing and consumption of eggs and poultry and should render an annual report on its activities to the Ministers by whom it is appointed.

(ii) Co-ordination.

The establishment of separate marketing schemes in England and Wales and in Scotland, and the independence in this matter of Northern Ireland, will necessitate a large measure of co-operation between them. We have examined the possibility and desirability of amalgamation of the schemes on the one hand, and of the co-ordination of separate schemes on the other, and have come to the conclusion (page 71) that the situation should be met by the establishment of permanent co-ordinating machinery.

The Co-ordinating Committee.—We therefore recommend (page 71) the establishment of a Co-ordinating Committee consisting of five representatives of the English Board, two of the Scottish Board and two of the corresponding body in Northern Ireland, together with the three members of the permanent Commission. The Chairman of the permanent Commission should be the Chairman of the Co-ordinating Committee. The expenses of the Committee should be met out of the fund in the hands of the permanent Commission.

Duties of the Co-ordinating Committee.—Each of the marketing authorities in the United Kingdom empowered to determine prices should be responsible for the exercise of its own powers, but there should be close collaboration between them (page 72). In order to prevent temporary surpluses in any one part of the United Kingdom from depressing prices unduly, it might be possible for the English and Scottish Boards to use their organisations to find outlets at the current prices, but on payment of a commission, for supplies from Northern Ireland or from one another; but the details would be a matter for agreement through the Co-ordinating Committee (page 73).

We recommend (page 74) that the schemes drafted by the earlier Commissions should be amended to provide that the powers of the Boards in regard to spring storage and grades should be exercised only after consultation with the Co-ordinating Committee.

When the schemes are in operation there will, no doubt, be a number of other matters that will call for co-ordinated action on the part of the responsible authorities.

(iii) Other Matters.

Imported cold-stored eggs.—The question of requiring the marking of imported cold-stored eggs with an indication that they had been chilled or cold-stored, as well as with the indication of origin, was carefully examined by the two previous Commissions in relation to their marketing proposals and discussed at length in the Report of the England and Wales Commission. Though the matter is one of considerable interest in relation to import policy,

we have thought it unnecessary to deal with it in detail again; but we desire to endorse the recommendations made by the earlier Commissions.

Import policy and reorganisation.—Some of our recommendations in regard to import policy could be implemented in the absence of the reorganisation, under the Agricultural Marketing Acts, of the marketing of home-produced eggs. We have, however, already indicated our view that the greatest permanent advantages to the home industry can come only by changes in the machinery and methods of marketing on some such lines as those suggested by the earlier Commissions, and that without them the effects of the recommendations we now make are likely to be minimised if not lost. We strongly urge, therefore, that our present proposals should not be regarded as offering an easy substitute for reorganisation, but as a supplement to it.

Acknowledgments.—We have already expressed our indebtedness to the officers of the Government departments and public bodies who have given us the benefit of their advice and experience, and we desire now to pay a tribute to our own excellent staff.

Mr. H. J. Johns, M.B.E. and Mr. J. C. Russell continued the good work they had begun as Secretaries to the Reorganisation Commissions for England and Wales and for Scotland respectively. Mr. C. A. Flatt, Mr. E. P. Keely and Mr. W. J. B. Hopkinson, who were attached to the Commission as Marketing Officers, fully justified the tributes paid to them by the Reorganisation Commission for England and Wales.

Mr. H. J. Johns is, in our opinion, a public servant of outstanding ability, and we desire to record our appreciation of the judgment and ability he has displayed in helping us to attempt the solution of the difficult problems which formed the subject of our enquiry.

We have the honour to be,

Sirs,

Your obedient Servants,

F. N. BLUNDELL, *Chairman.*

A. F. FORBES.

LINDSEY K. HUXLEY.

JAS. PRENTICE.*

MARK SPROT.

5th December, 1935.

H. J. JOHNS
JOHN C. RUSSELL } *Joint Secretaries.*

* Subject to the Reservation which follows.

Reservation by Mr. J. Prentice.

I am in agreement with my colleagues in all the recommendations made in the main Report with the exception of those relating to liquid eggs and other egg products. On this subject, however, I find it necessary to make a reservation.

The essence of the difference between us is that, while my colleagues appear to regard competition between home-produced shell eggs and imported egg products as a possibility of the future, I am of opinion that there is competition at present and that a margin of preference should be given immediately to home-produced eggs in the manufacturing market comparable to that which it is proposed to give in the shell egg market.

It may be true that a number of large bakery and confectionery firms now use imported liquid eggs to the exclusion of home-produced shell eggs and that, with these firms, there is no active competition between egg products and shell eggs. If, however, liquid eggs were, for any reason, no longer to be available, these firms would not cease to bake cakes and pastries. Some of them might use egg substitutes, but many would turn to shell eggs, which they would then find essential to their trade. The fact that shell eggs are not at present used by these firms does not prove that there is no competition between shell eggs and egg products, but only that, because of their cheapness and convenience, egg products are at present able to hold the whole of that particular market in spite of the competition.

There is no need, however, to rely on this negative argument alone. It is not yet the case that the baking industry is entirely concentrated in the hands of the large manufacturers, for there are still very many smaller bakers in provincial towns and in the country who use shell eggs. Recently, as my colleagues agree, there has been a tendency for some of these smaller firms to use egg products where in the past they used fresh or pickled eggs. In Scotland, to my knowledge—and, I have little doubt, elsewhere—the consequence has been a serious diminution in the number of home-produced fresh eggs used for baking purposes and in the number of eggs put into pickle by bakers and others. But since it is accepted that liquid eggs have been encroaching upon, and therefore competing in, a market which, in the recent past, was supplied by shell eggs, it seems to me impossible to continue to regard them as a non-competitive product. When the marketing schemes come into operation, the shell egg market will continue to offer an important outlet for second quality home-produced eggs, but I am not satisfied that there will be no difficulty in selling in that market, at satisfactory prices, all the eggs that fail to pass the grade standards. In my opinion the manufacturing market will be necessary from the beginning, and for that reason I cannot agree that protection for home-produced

"seconds" should await the completion of reorganisation. It would in my view be unwise to leave the manufacturing market to be undermined still further during the period while the new marketing Boards are establishing themselves.

Further, it seems to me difficult to justify a continuation of different rates of duty on imported shell eggs and imported egg products. It is true that there is a disparity of price between them and that the field of competition between them is limited; but much the same may be said of the various grades and qualities of shell eggs. It is generally recognised, however, that each grade impinges upon the next and that no clear line of demarcation can be drawn between them. The cheapest shell eggs may not compete directly with the best, but throughout the whole range each grade is undoubtedly in direct competition with those immediately above and below it. Liquid eggs must be regarded from this same point of view. They are simply the cheapest of all the many grades.

In general my conclusion is that there is now, and will continue to be, some measure of competition between home-produced shell eggs, imported shell eggs and imported egg products, and that price is an important element in this competition. In these circumstances it would be inequitable, in my view, either to deny the home industry suitable protection against one of these classes of imports or to draw any distinction in the matter of duties between imported shell eggs and imported eggs not in shell. I am of opinion, therefore, that the duties on liquid eggs and other egg products should be raised to the same level as those proposed for the cheapest class of shell eggs. The effect would be that the duty on liquid eggs would be increased from $\frac{1}{2}$ d. to $1\frac{1}{2}$ d. per lb. and that the duty on other forms of egg products would be correspondingly increased.

It may be observed that, while this would place imported shell eggs and imported egg products on the same footing in their competition with home-produced eggs, it would not prevent those manufacturers who prefer to use imported egg products from obtaining them, nor would it impose any unwarrantable burden on either the trades concerned or consumers. The average declared value of the 1934 imports of liquid eggs was 9s. 6d. per cwt. lower than the corresponding figure for 1933. If, therefore, the whole of the proposed additional duty of 1d. per lb. (or 9s. 4d. per cwt.) were added to the prices of liquid eggs in the United Kingdom during 1934, the result would be to raise prices only to the level of 1933, still leaving them substantially below the level of any previous recent year. Moreover, it is impossible to suppose that, even if the whole of the increase in duties were added to the price, an addition of 1d. per lb. of liquid egg, or approximately $\frac{1}{16}$ d. per egg, could have any appreciable effect on the prices charged to consumers of cakes and pastries in the manufacture of which imported egg products are used.

JAS. PRENTICE

5th December, 1935.

TABLE I.

Total Estimated Annual Use Per Capite Shellless or Bone in the Domestic Economy, 1924-34

Year.	Shell Eggs.			Eggs not in Shell (imported). [‡]	Grand Total.	Per Capite Supplies.			
						Shell Eggs.			All eggs.
	Home- production.*	Imported. [†]	Total.			Home- produced.	Imported.	Total.	
1924	2,680	2,431	5,111	427	5,538	52	52	111	126
1925	2,798	2,608	5,416	475	5,891	55	55	115	133
1926	2,680	2,649	5,345	754	6,101	64	59	123	144
1927	3,130	2,516	5,646	754	6,400	65	64	123	151
1928	3,381	2,145	5,526	735	7,262	74	70	144	160
1929	3,762	2,898	6,660	822	7,482	78	85	143	182
1930	3,680	3,175	7,857	923	8,780	82	85	164	175
1931	4,306	3,306	7,611	921	8,532	91	87	158	179
1932	4,432	2,302	6,734	922	7,656	97	82	149	169
1933	4,714	2,302	7,016	793	7,799	102	67	144	166
1934	4,734	2,344	7,078	1,792	8,870	102	68	150	173

* Less exports.

† Less re-exports.

‡ Shell egg equivalent of retained exports of egg products.

TABLE 2.

ANNUAL IMPORTS OF TEA TO HONG KONG FROM THE UNITED KINGDOM, SHOWING SERIES AND FOREIGN SOURCES, 1913-24.

Year.	From European Countries.		From Foreign Countries.		Gross Imports.	Retained Imports.	
	Quantity.	Per cent. of Total Imports.	Quantity.	Per cent. of Total Imports.		Quantity.	Value.
	<i>Millions.</i>		<i>Millions.</i>		<i>Millions.</i>	<i>Millions.</i>	<i>£000</i>
1913	632	26	1,800	74	2,432	2,408	18,073
1914	624	24	2,000	78	2,624	2,600	19,485
1915	622	23	2,098	77	2,720	2,648	19,708
1916	673	23	2,350	77	3,023	2,918	19,530
1917	726	22	2,470	73	3,196	3,108	17,781
1918	726	28	2,368	74	3,094	2,979	17,717
1919	726	22	2,486	73	3,212	3,173	18,818
1920	737	24	2,574	74	3,311	3,300	19,146
1921	725	20	1,878	70	2,603	2,590	16,090
1922	721	19	1,463	67	2,184	2,160	11,296
1923	696	21	1,402	69	2,098	2,044	11,086

TABLE 2a.

ANNUAL IMPORTS OF TEA IN BRITAIN, SHOWING THE QUANTITIES AND PROPORTIONS FROM THE CHIEF COUNTRIES OF ORIGIN.

Country of Origin.	1929.			1930.			1931.		
	Quantity.	Per cent. of		Quantity.	Per cent. of		Quantity.	Per cent. of	
		Total.	Foreign.		Total.	Foreign.		Total.	Foreign.
<i>Millions</i>				<i>Millions</i>			<i>Millions.</i>		
Irish Free State	581.5	35.1	58.2	553.7	35.0	52.8	549.6	37.7	74.4
Australia	45.0	2.8	2.4	43.8	2.8	2.8	112.3	8.5	14.9
S. Africa	47.3	2.9	2.7	49.1	3.1	3.0	70.7	5.3	9.4
Canada	9.8	0.6	1.2	1.6	0.1	0.2	6.6	0.5	0.1
Other British Countries	2.7	0.1	0.4	2.0	0.1	0.3	1.5	"	0.2
Total British Countries	700.3	39.5	100.0	700.2	39.0	100.0	737.0	39.7	100.0
			Foreign.			Foreign.			Foreign.
Denmark	408.7	32.3	39.0	307.4	30.3	32.5	306.3	29.4	50.1
Poland	253.2	9.5	12.5	432.3	16.8	27.4	322.4	10.4	18.4
Netherlands	245.3	12.7	16.0	442.7	23.6	22.6	403.7	14.5	19.4
Belgium	220.4	11.9	15.3	226.9	9.8	11.0	242.3	6.0	10.4
China	194.9	6.8	8.0	230.2	6.5	5.3	178.7	5.4	7.0
Sweden	9.4	"	"	1.4	"	"	7.2	0.2	0.3
Switzerland	74.8	3.3	3.8	50.9	1.9	2.4	46.7	1.6	1.7
Other Foreign Countries	229.2	11.0	14.5	250.2	6.9	10.2	206.3	5.7	9.1
Total Foreign Countries	2,394.4	70.4	100.0	2,494.0	70.9	100.0	2,774.4	70.3	100.0
Grand Total	2,993.7	100.0	—	2,194.2	100.0	—	3,111.4	100.0	—

* Negligible.

TABLE No.

ANNUAL IMPORTS OF RICE IN GALLS, SHOWING THE QUANTITIES AND PAYMENTS FROM THE CATTLE COOPERATION OF COMMERCE.

Country of Origin.	1905.			1906.			1907.		
	Quantity.	Per cent. of		Quantity.	Per cent. of		Quantity.	Per cent. of	
		Total.	Foreign.		Total.	Foreign.		Total.	Foreign.
<i>Millions</i>				<i>Millions</i>			<i>Millions</i>		
Irish Free State	473-6	18-8	55-0	415-4	16-1	57-3	303-3	17-1	55-0
Australia	350-4	7-0	50-8	227-9	10-4	31-6	303-9	13-2	50-2
S. Africa	52-1	2-1	8-8	50-4	2-1	7-6	28-0	1-2	5-2
Canada	8-7	"	0-1	31-9	1-0	3-0	28-8	0-8	3-0
Other British Countries	5-4	0-1	0-2	4-1	0-2	0-0	4-0	0-2	0-0
Total British Countries	781-4	20-1	100-0	731-4	29-7	100-0	664-4	31-0	100-0
			<i>Foreign.</i>			<i>Foreign.</i>			<i>Foreign.</i>
Denmark	787-1	20-0	45-7	748-6	32-9	50-4	708-1	34-1	60-4
Poland	224-9	5-8	15-4	201-7	8-8	15-0	202-9	10-4	50-9
Netherlands	180-4	7-0	10-0	189-4	8-0	8-1	113-4	5-0	7-3
Belgium	180-1	7-0	11-3	80-9	3-5	3-7	8-8	0-0	0-4
China	152-9	4-0	8-1	147-0	7-5	11-3	108-5	7-5	30-9
France	55-8	1-4	3-9	37-4	1-6	3-0	30-7	1-7	0-8
Sweden	43-5	1-1	3-6	34-3	1-1	1-0	28-9	1-4	3-0
Other Foreign Countries	343-7	8-9	5-5	170-1	7-0	7-4	126-0	6-0	3-1
Total Foreign Countries	1,873-3	58-8	100-0	1,863-3	60-4	100-0	1,481-3	59-0	100-0
Grand Total	2,308-4	100-0	—	2,308-7	100-0	—	2,308-3	100-0	—

* In millions.

TABLE 4

MONTHLY AND ANNUAL AVERAGE PRICES OF FURROW SLASH (AVERAGE OF 1ST AND 2ND QUALITY) AT TOWN AND COUNTRY MARKETS IN ENGLAND AND WALES, 1904 AND 1905-06.

Month.	1904.	1905.	1906.	1904.	1905.	1906.	1904.	1906.
	s. d. per 100	s. d. per 100	s. d. per 100	s. d. per 100	s. d. per 100	s. d. per 100	s. d. per 100	s. d. per 100
January	10 0	11 0	10 10	10 0	10 0	12 0	10 0	10 0
February	10 0	10 0	10 0	10 0	10 0	12 0	10 0	10 0
March	10 0	10 0	10 0	10 0	10 0	12 0	10 0	10 0
April	10 0	10 0	10 0	10 0	10 0	12 0	10 0	10 0
May	10 0	10 0	10 0	10 0	10 0	12 0	10 0	10 0
June	10 0	10 0	10 0	10 0	10 0	12 0	10 0	10 0
July	10 0	10 0	10 0	10 0	10 0	12 0	10 0	10 0
August	10 0	10 0	10 0	10 0	10 0	12 0	10 0	10 0
September	10 0	10 0	10 0	10 0	10 0	12 0	10 0	10 0
October	10 0	10 0	10 0	10 0	10 0	12 0	10 0	10 0
November	10 0	10 0	10 0	10 0	10 0	12 0	10 0	10 0
December	10 0	10 0	10 0	10 0	10 0	12 0	10 0	10 0
Unweighted Annual Average	10 0	10 0	10 0	10 0	10 0	12 0	10 0	10 0

TABLE 6.

MONTHLY AND ANNUAL AVERAGE PRICES (WHOLESALE TO RETAILER) OF NATIONAL MARK BRAND OF STANDARD GRADE
IN LONDON, 1922-24.

Month.	1922.	1923.	1924.	1925.	1926.	1927.	1928.
	s. d. per 120	s. d. per 120	s. d. per 120	s. d. per 120	s. d. per 120	s. d. per 120	s. d. per 120
January	—	29 8	28 2	27 2	28 1	24 9	24 0
February	28 10	29 7	28 4	28 6	28 9	23 0	23 1
March	28 6	28 1	28 4	27 2	26 11	21 1	21 10
April	28 3	28 6	28 8	28 0	26 1	21 2	21 1
May	24 3	28 2	28 2	26 4	26 7	21 1	21 6
June	24 4	27 1	26 0	26 8	21 6	20 10	21 7
July	24 2	26 12	24 5	25 4	22 2	21 6	21 2
August	24 11	27 11	25 4	24 6	22 2	20 8	20 10
September	22 2	25 10	26 10	23 4	22 0	24 4	27 2
October	20 0	25 12	26 7	21 6	20 0	20 8	20 7
November	20 4	25 4	24 0	22 11	21 9	21 8	21 6
December	20 10	25 0	23 6	20 0	18 5	20 6	—
Unweighted Annual Average	21 2	26 2	24 9	24 9	24 7	23 11	—

TABLE 4.
MONTHLY AND ANNUAL AVERAGE PRICES OF PACKED EGGS (12) (No.) AT LONDON.*
1900-05.

Months.	1900.	1901.	1902.	1903.	1904.	1905.
	s. d. per 120	s. d. per 120	s. d. per 120	s. d. per 120	s. d. per 120	s. d. per 120
January	18 7	18 0	14 10	18 0	18 5	19 0
February	19 6	14 6	13 11	18 0	14 2	9 11
March	17 3	13 1	10 5	8 4	5 0	7 8
April	11 10	10 9	8 10	7 11	7 3	7 11
May	22 2	13 11	8 9	8 1	5 4	7 8
June	22 6	10 3	8 3	8 9	8 5	8 2
July	13 10	11 10	9 5	8 8	8 4	8 0
August	14 13	12 0	10 7	10 8	11 0	11 5
September	16 4	14 7	13 8	18 4	11 11	11 7
October	21 2	17 8	14 3	15 5	13 7	14 2
November	22 8	21 5	19 1	20 0	19 1	18 4
December	24 8	18 7	16 5	17 0	17 1	18 4
Unweighted Annual Average	17 3	14 5	12 3	12 1	11 4	11 1

* Source: Dairy Produce Supplies, from data supplied by London Egg Exchange.

TABLE 1.

MONTHLY AND ANNUAL AVERAGE PRICES OF TABLE EGGS (51-54 D) AT LONDON*
1900-25.

Month.	1900.	1901.	1902.	1903.	1904.	1905.†	1906.†
	s. d. per 100	s. d. per 100	s. d. per 100	s. d. per 100	s. d. per 100	s. d. per 100	s. d. per 100
January	12 4	10 5	10 11	—	10 1	6 8	—
February	—	9 1	8 8	6 6	—	7 6	—
March	11 6	7 10	7 6	—	7 3	5 8	—
April	9 8	7 8	6 6	6 6	6 3	6 10	6 6
May	9 0	7 11	6 6	6 3	6 6	6 3	6 10
June	9 6	7 6	6 3	6 6	6 1	6 6	6 10
July	11 5	7 11	6 5	7 6	5 8	6 6	6 7
August	11 5	5 8	6 6	7 2	—	7 5	7 11
September	11 4	9 10	6 5	6 4	6 5	7 3	7 6
October	11 0	10 5	6 11	9 2	6 5	7 10	6 5
November	11 3	12 11	10 0	11 6	—	6 5	6 7
December	11 6	10 6	10 0	11 6	—	6 10	—
Unweighted Annual Average	—	9 8	8 1	—	—	7 0	—

* i.e., 51-54 kilograms per 1,000 eggs, equivalent to approximately 12½ lb. per 100 eggs.

Source: Dairy Produce Supplies, from data supplied by London Egg Exchange.

† 51-52 kilograms.

TABLE 2.

REVENUE INCOME AND AVERAGE DECLARED VALUES OF EGGS NOT IN SHELL SENT TO THE UNITED KINGDOM, 1934-35.

Year.	Frozen Liquid Eggs				Albumen.				Dried Eggs.				Total Per 1 Egg equiv.		
	Quantity		Value.*		Quantity		Value.*		Quantity		Value.*				
	Quantity.	Shell Egg equiv.	per cent.	per 100	Quantity	Shell Egg equiv.	per cent.	per 100	Quantity	Shell Egg equiv.	per cent.	per 100			
	wt.	Millions †	s.	d.	wt.	Millions †	shillings	s.	d.	wt.	Millions †	shillings	s.	d.	Millions.
1934	414,049	459	50	6	22,759	228	449	9	7	—	—	—	—	—	587
1935	444,133	496	50	6	26,426	244	574	9	0	7,617	22	224	7	10	675
1936	543,781	611	54	10	39,062	360	523	7	2	16,092	54	261	6	4	785
1937	600,290	673	67	5	11,057	62	344	7	10	14,316	66	237	8	4	796
1938	664,672	739	67	1	13,965	78	370	6	10	7,181	22	163	6	9	736
1939	629,545	716	66	6	9	6	287	6	3	6,555	43	245	7	6	803
1940	746,823	839	78	3	7	11	323	6	5	6,324	42	230	6	8	853
1941	722,703	806	67	4	7	5	176	3	10	5,036	58	220	6	4	821
1942	726,136	807	66	3	6	11	213	4	7	6,476	59	213	6	8	862
1943	806,509	895	69	11	6	9	233	6	3	6,041	27	189	6	4	785
1944	800,304	890	61	5	4	5	267	6	4	6,865	33	136	4	8	1,008

* Declared Value per unit: does not include the present duties which are equivalent to:—

	s.	d.
Frozen liquid eggs	—	4 8 per cent.
Albumen	—	28 8 "
Dried eggs (yolk)	—	11 6 "
" " (whole)	—	21 6 "

† The following conversion figures have been used:—

Frozen liquid eggs	—	1 unit. or 1,180 eggs.
Albumen	—	1 unit. or 5,000 "
Dried eggs	—	1 unit. or 4,000 "

TABLE 8.

TOTAL ESTIMATED ANNUAL AND PER CAPITA SUPPLIES OF HOME-PRODUCED AND IMPORTED TANNED PORKS (DRIED PORKS, BACON, CURED AND TENDER) IN THE UNITED KINGDOM, 1922-34.

Year.	Total Supplies.			Per Capita Supplies.		
	Home-produced.	Imported.*	Total.	Home-produced.	Imported.	Total.
	'000 cwt.	'000 cwt.	'000 cwt.	lb.	lb.	lb.
1922	959	254	1,213	2-5	0-6	3-1
1923	1,050	452	1,502	2-5	1-0	3-5
1924	1,100	483	1,583	2-7	1-0	3-7
1925	1,140	489	1,629	2-8	1-0	3-8
1926	1,197	534	1,731	2-9	1-0	3-9
1927	1,268	555	1,823	3-1	1-0	4-1
1928	1,355	523	1,878	3-2	1-0	4-2
1929	1,404	500	1,904	3-4	1-0	4-4
1930	1,547	485	2,032	3-5	1-0	4-5
1931	1,599	449	2,048	3-5	1-1	4-6

* Estimated imports of food supplies.

TABLE 10.

ESTIMATED SUPPLIES OF DIAL FURNISH TO THE UNITED KINGDOM, 1903 AND 1904.

Source of Supply.	1903.								1904.							
	Furh.		Turkeys.		Other Birds.		Total.		Furh.		Turkeys.		Other Birds.		Total.	
	Quantity.	Per cent. of Total.	Quantity.	Per cent. of Total.	Quantity.	Per cent. of Total.	Quantity.	Per cent. of Total.	Quantity.	Per cent. of Total.	Quantity.	Per cent. of Total.	Quantity.	Per cent. of Total.	Quantity.	Per cent. of Total.
Home Production—	1000	rel.	1000	rel.	1000	rel.	1000	rel.	1000	rel.	1000	rel.	1000	rel.	1000	rel.
England and Wales —	1,006	79	69	14	170	73	1,235	63	1,075	75	68	18	107	68	1,212	63
Scotland —	75	5	7	2	4	2	86	4	75	5	5	1	8	5	88	4
N. Ireland —	109	11	39	11	30	5	178	11	109	12	44	12	31	9	184	11
Total United Kingdom —	1,242	66	106	25	184	60	1,532	78	1,263	90	117	31	146	42	1,526	78
Imports*—																
Switzerland —	48	3	65	18	5	2	118	8	47	3	76	20	24	6	147	9
Denmark —	109	8	103	28	30	15	242	16	75	5	100	26	38	10	213	14
Total Imports —	157	10	168	43	35	17	355	23	122	10	176	46	62	17	360	23
Total Supplies —	1,400	100	274	100	219	100	1,887	100	1,385	100	293	100	208	100	1,889	100

* Gross imports.

TABLE 11.

ANNUAL IMPORTS OF DEAD POULTRY INTO THE UNITED KINGDOM,
SHOWING EMPIRE AND FOREIGN SUPPLIES, 1925-34.

Year.	Dead Poultry.					
	Empire Countries.		Foreign Countries.		Retained Imports.	
	Quantity.	Per cent. of Total Imports.	Quantity.	Per cent. of Total Imports.	Quantity.	Value.
	'000 cwt.		'000 cwt.		'000 cwt.	£'000.
1925 ...	97	25	290	75	374	2,148
1926 ...	108	26	303	74	402	2,259
1927 ...	115	28	391	77	493	2,680
1928 ...	110	22	380	78	469	2,567
1929 ...	129	23	425	77	534	2,838
1930 ...	116	20	454	80	555	2,810
1931 ...	113	17	553	83	651	3,055
1932 ...	124	24	390	76	503	2,206
1933 ...	117	23	383	77	495	1,938
1934 ...	157	35	295	65	449	1,569

TABLE 12.

MONTHLY IMPORTS OF DEAD POULTRY INTO THE UNITED KINGDOM.

Month.	Chickens.		Turkeys.		Other Kinds.	
	1934.	1933.	1934.	1933.	1934.	1933.
	'000 cwt.	'000 cwt.	'000 cwt.	'000 cwt.	'000 cwt.	'000 cwt.
January ...	15	25	24	23	5	8
February ...	16	29	6	6	6	5
March ...	22	24	2	3	6	4
April ...	9	22	1	1	3	5
May ...	9	12	1	1	3	3
June ...	6	7	1	—	1	1
July ...	6	9	4	1	1	2
August ...	6	13	9	8	2	1
September ...	8	10	10	8	2	2
October ...	16	16	10	6	4	1
November ...	18	21	36	26	7	6
December ...	14	11	157	172	6	8
Total ...	145	199	261	255	46	46

Source : Dairy Produce Supplies, 1934.

TABLE 10

MONTHLY AND ANNUAL AVERAGE PRICES OF FLOUR (AVERAGE OF 1ST AND 2ND QUALITY) AT TOWN AND COUNTRY MARKETS IN ENGLAND AND WALES, 1895 AND 1920-21.

Month.	1920.	1919.	1920.	1921.	1922.	1923.	1924.	1925.
	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.
January	1 8	1 3½	1 5	1 3	1 2	1 1	1 0	1 0½
February	1 8	1 3½	1 5	1 3	1 2	1 2	1 0	1 1
March	1 8	1 4½	1 4	1 4	1 2	1 2	1 1	1 2
April	1 7	1 6	1 3½	1 6	1 4	1 3	1 3	1 3
May	1 6	1 7	1 7	1 6	1 4	1 3	1 2	1 3
June	1 8	1 3½	1 3½	1 4	1 3	1 3½	1 3½	1 1
July	1 6	1 3½	1 4	1 3	1 6	1 6	1 6	1 6
August	1 4½	1 3½	1 3	1 1	1 0	10½	10½	11½
September	1 3½	1 3½	1 3	1 3½	1 0	11	11	11
October	1 3½	1 2	1 1	1 6	1 0	11½	11	11
November	1 3½	1 2	1 1	1 6	1 0	11½	11	11½
December	1 3½	1 2	1 1	1 3½	1 0	11½	11½	—
Unweighted Annual Average	1 4½	1 4	1 3	1 3	1 1	1 6½	1 6	—

TABLE 14.

MONTHLY AND ANNUAL AVERAGE PRICES OF FOREIGN WHEAT (AVERAGE OF 1st AND 2nd QUALITY) AT LONDON, 1919 AND 1920-1925

Month.	1919.	1920.	1921.	1922.	1923.	1924.	1925.
	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.
January	1 7½	1 6½	1 6	1 2	1 4	1 5½	1 2
February	1 6	1 7	1 5½	1 2	1 4	1 4	1 2
March	1 10½	1 6½	1 5	1 3½	1 5½	1 5	1 2½
April	2 0	1 11½	1 6	1 10½	1 5½	1 5	1 4½
May	1 10	1 6½	1 6	1 10½	1 5	1 5½	1 5
June	1 9	2 0	1 7½	1 5½	1 5	1 5½	1 4
July	1 7	1 11	1 5½	1 5½	1 5½	1 5½	1 3
August	1 6	1 7	1 5½	1 4	1 5	1 4	1 1½
September	1 6	1 5½	1 5	1 3½	1 5	1 5	1 5½
October	1 6	1 5½	1 5	1 2	1 5½	1 4	1 1½
November	1 4	1 5½	1 5½	1 5	1 5½	1 4	1 1½
December	1 4½	1 5½	1 5½	1 4½	1 2	1 1	1 2
Unweighted Annual Average...	1 7½	1 3	1 6½	1 4	1 5½	1 5½	1 2

TABLE 15.

MONTHLY AND ANNUAL AVERAGE PRICES OF BUTTER (AVERAGE OF 1st AND 2nd QUALITY) AT TOWN AND COUNTRY MARKETS IN ENGLAND AND WALES, 1902 AND 1903-1905.

Month.	1902.	1903.	1904.	1905.	1906.	1907.	1908.	1909.
	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.
January	1 4	1 3	1 3	1 3½	1 0½	1 0	11½	1 4½
February	1 4	1 4	1 4	1 3	1 0½	1 1	1 0½	1 3
March	1 5	1 5	1 3½	1 5	1 1	1 3½	1 2	1 2
April	1 7½	1 7	1 7½	1 6	1 0½	1 4	1 3½	1 2
May	1 8	1 10½	1 6	1 7	1 6	1 3½	1 3½	1 2
June	1 4½	1 5	1 5	1 3½	1 2	1 5	1 1	1 1
July	1 5	1 3½	1 5	1 3	11½	11½	11½	11½
August	1 5	1 3	1 3	1 5	11	10½	11	11
September	1 3½	1 1½	1 1	11½	10½	10½	10½	10½
October	1 3½	1 1	1 0½	11	10½	10½	10	10½
November	1 3½	1 2	1 0½	11	10½	11	10	10½
December	1 4	1 3	1 3½	1 3	11	11	11	—
Unweighted Annual Average.	1 4½	1 5	1 5	1 3	1 0½	1 0½	1 0	—

TABLE 16.

MONTHLY AND ANNUAL AVERAGE PRICES OF CHINA (AVERAGE OF 1ST AND 2ND QUALITY) AT TOWN AND COUNTRY MARKETS IN
HONGKONG AND WAIKAI, 1925 AND 1926-1935.

Month.	1925	1926.	1927.	1928.	1929.	1930.	1931.	1932.
	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.
January	1 3	11	1 0	1 8½	10½	9½	10	10½
February	1 1	10	10	11½	10	10½	—	10½
March	1 1½	9½	—	11½	8½	10½	10	9½
April	1 9½	9½	—	—	—	—	—	—
May	1 9½	9½	—	—	—	—	—	—
June	—	10	10	—	—	—	—	—
July	—	9½	9	—	—	—	—	—
August	10½	8½	10	—	10	10½	10	10½
September	1 0	10	10½	10	10½	10	10½	10½
October	1 6½	10	10½	10	10½	10	10½	10½
November	1 6½	11	11	10½	9½	10	10	10
December	1 2	11	10	1 1½	10	9½	9½	—
Unweighted Annual Average...	1 1	10	10½	11½	10	9½	9	—

TABLE II.

MONTHLY AVERAGE PRICES OF TALLOW (AVERAGES OF 1ST AND 2ND QUARTERS) AT TOWER AND COVENTRY MARKETS IN ENGLAND AND WALES, 1825 AND 1825-1826.

Month	1825.	1825.	1825.	1825.	1825.	1825.	1825.	1825.
	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.	s. d. per lb.
January	1 6½	1 5	1 2	1 6*	1 2½	1 4	1 3½	1 3
February	1 4	1 5	1 6½	1 4½	1 1½	1 0	1 1	—
March	1 4	1 5½	1 1½	—	—	—	—	—
April	1 4	1 4½	1 1½	—	—	—	—	—
May	1 4	1 3	1 1½	—	—	—	—	—
June	1 3	1 3	1 0	—	—	—	—	—
July	—	—	1 1½	—	—	—	—	—
August	—	—	1 1½	—	—	—	—	—
September	—	—	1 1½	—	—	—	—	—
October	1 6½	—	1 3	—	—	—	—	—
November	1 4	1 5	1 2	—	1 4	—	1 6	—
December	1 4	1 4	1 4	1 1½	1 4	1 4	1 3	—

* 1st Quality only.

TABLE 18.

SUMMARY OF DUTIES levied ON EGGS AND POULTRY IMPORTED FROM FOREIGN COUNTRIES AND FROM THE IRISH FREE STATE.

Product.	Foreign Countries. Total Duty.	Irish Free State. Total Duty.
Eggs in Shell	(a) Not exceeding 16 lbs. in weight per long hundred— 1s. per long hundred. (b) Over 16 lbs. but not exceeding 32 lbs. in weight per long hundred—in 6d. per long hundred. (c) Over 32 lbs. in weight per long hundred—in 6d. per long hundred.	40 per cent. ad valorem.
Eggs not in Shell—		
(i) Liquid or Frozen, including glycerinated (whole yolk or white)	6d. per lb. 2½d. per lb.	6d. per lb. 2½d. per lb. } plus 5d. per cent. ad valorem.
(ii) Dried whole	1½d. per lb.	1½d. per lb.
(iii) Dried Yolk	2½d. per lb.	2½d. per lb.
(iv) Dried Albumen	3d. per lb.	3d. per lb.
Dead Fowls, Ducks and Geese	5d. per lb.	4d. per lb.
Dead Poultry	5d. per lb.	4d. per lb.
All other Poultry	50 per cent. ad valorem.	40 per cent. ad valorem.

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